



# RED MEAT SECTOR MARKET DEVELOPMENT ACTION PLAN



**THINK**PLACE

# ABOUT THE MARKET DEVELOPMENT ACTION PLAN

## HOW WE GOT THERE

### THREE QUESTIONS FOR B+LNZ

In September 2015, the B+LNZ Board initiated a thorough, independent review of B+LNZ's market development activities in order to develop options and opportunities (if any). The review was undertaken by Deloitte and ThinkPlace.

The review was guided by 3 questions:

1. Is there a role for B+LNZ in market development?
2. If yes, what is the role and what type of activity should B+LNZ undertake to support this role while remaining cognisant of the forward funding environment?
3. How should B+LNZ's market development activity connect with the commercial meat exporting sector and other stakeholders?

The resulting report answered question (1) through insights developed from experiential evidence gained from empathy interviews with farmers and red meat processors, economic evidence gained through international industry benchmarking, market research, and historical and financial evidence from B+LNZ Ltd and B+LNZ Inc.

*The finding was a resounding 'yes', i.e. that there was a role for B+LNZ in market development. It was not, however, the same as the role currently undertaken by B+LNZ in this area. Importantly, this view was supported by strongly aligned farmer and exporter/marketer views.*

The review also concluded that continuing the status quo was not acceptable to stakeholders and would represent a missed opportunity. Furthermore, it recommended that a future role for B+LNZ be viewed through three key insights. These insights were that a future market development programme for New Zealand red meat should focus on:

1. New market/market segment creation
2. Playing a role in longer-term horizons
3. Layering the New Zealand brand story

### INSIGHT 1: NEW MARKETS AND MARKET SEGMENTS

There is a clear distinction between the efforts required to invest in creating a market and the effort required to capture the value from it. B+LNZ Ltd has a history of creating new markets and/or market segments via a beachhead-type capability. People see value in this role. However, once the activity moves to growing the market this requires different expertise and is not the role of B+LNZ Ltd.

### INSIGHT 2: LONG TERM HORIZONS

There is significant focus by processors in the one-to-two year horizons of market development activity; this is a space of competitive activity. The time horizons beyond two-to-three years, where new markets and new opportunities can be identified and developed is not a space that has the required focus. This space has high reward potential but also high potential risk. Operating in this space where the sector can address pre-competitive issues, requires unified effort and provides an opportunity for cross-sector collaboration.

### INSIGHT 3: BRAND LAYERING

Brand Layering: processors and farmers think that more value can be leveraged from the attributes that make New Zealand lamb and beef unique. They see a layered brand story, inclusive of country of origin, where the platform, or common attributes, are developed and owned as a sector asset. The opportunity is for B+LNZ to lead the development of a cohesive story and continue to work with farmers to lift their performance in alignment to the story to ensure a story of quality and integrity.

These insights have formed an important base for later analysis and are referenced elsewhere in this Action Plan.

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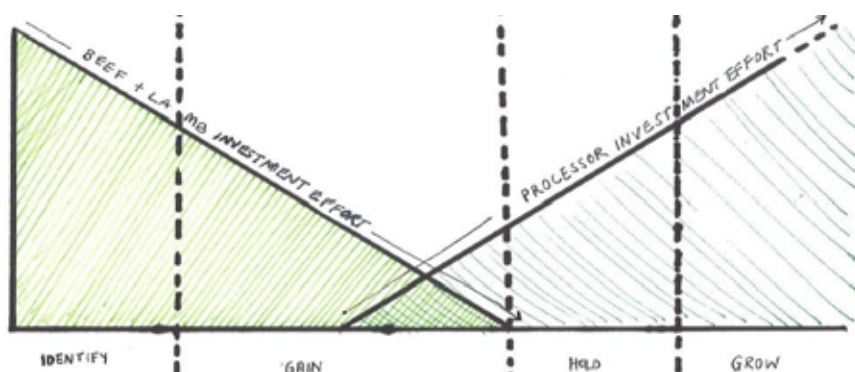
*"Having representatives from all parts of the sector from all over the country shows a commitment to the process. It really does feel like the train is leaving the station and all the players are thinking they may as well be on it. The positivity of all involved in this process supports this thinking."*

FARMER

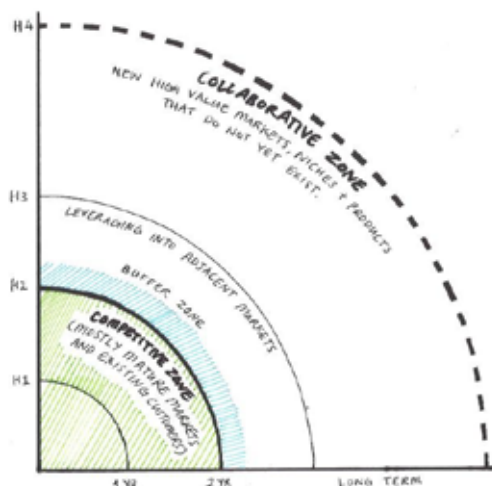
*"This process, and its outcome, are fundamentally different for our sector. Together we are thinking about the long-term opportunities and issues for New Zealand red meat, and how we tackle these collectively. It's a different mindset to what we've done before, it's about investing for the future, not trying to reduce our costs of today."*

EXPORTER/MARKETER

### Insight 1: Focus on new market/market segment creation



### Insight 2: Playing a role in longer-term horizons



### Insight 3: Layering the New Zealand brand story



## CO-DESIGN WITH THE SECTOR

While a new direction for market development is now being created, B+LNZ has been acutely aware for some time of the interdependency of its market development activity with the work of the commercial exporting and marketing sector for New Zealand red meat. If the goals described in this Action Plan are to be achieved, and the operational activity is to be delivered, industry-level activity and commercial activity, must be closely aligned.

As a result of this interdependency with the commercial exporting and marketing sector, and emerging key relationships with government and other stakeholders identified through the earlier independent review, a 'co-design' methodology has been utilised to develop this Action Plan and its component parts.

*"The development of the Red Meat Sector Market Development Plan is well-aligned with the government's Business Growth Agenda Goal of doubling New Zealand's exports to 40% of GDP by value by 2025. We welcome this initiative to add further value to our beef and lamb exports and tell the authentic New Zealand Story behind the red meat sector's premium products."*

NEW ZEALAND GOVERNMENT OFFICIAL

*"It is clear that we are all working toward the same goals; a more profitable, forward thinking sector; using our unique production system as a good story to accompany the sale of our produce.; using science and innovation to keep the edge over our trading rivals; longer-term investment in our sector so we can develop trade opportunities and relationships, as opposed to investing limited resources into procuring stock and then selling product to what opportunity is available at that time."*

FARMER



# STRATEGY OVERVIEW

## PRIMARY MESSAGES

- In a global context the New Zealand beef and lamb sector is unique, we have an export profile like no other (more than 90 per cent of our sheepmeat and beef goes overseas), we are niche producers (we can only feed 30 million people) and our production is based on natural farming systems.
- However, we need to be aware the competition in the meat market is strong, and new competitors are emerging. This means that as a sector we need to work harder than anyone else in the world markets.
- Following an independent review we are proposing major changes to B+LNZ's market development programme.
- The emphatic finding of the review is that there is a role for farmer investment through B+LNZ in market development – but not to do what it does today, in-fact the status quo would be a big missed opportunity.
- We speak only on behalf of sheep and beef farmers.

## MARKET DEVELOPMENT FRAMEWORK – A NEW WAY FORWARD

**Purpose:** To improve the pricing and returns for New Zealand beef and lamb and grow the size of and future proof the sector for future generations.

**Vision:** Is to create value by identifying the affluent consumers and growth market segments and creating a deep connection with them by developing an authentic sector story which highlights a shared sense of purpose and values.

## MARKET DEVELOPMENT FRAMEWORK – WHAT ARE WE GOING TO DO

### Market intelligence

As a sector we need better intelligence on the major food trends around the world, we need to understand the market segments which are growing, and what type of customer is servicing these segments and what type of consumer is purchasing through them. We also need to understand the values of these consumers, what is making them tick, what's important to them, and what type of experience do they expect when they purchase premium food products. Our ability as a sector to generate and effectively use this knowledge is a key component of the future market development programme.

### Create our story

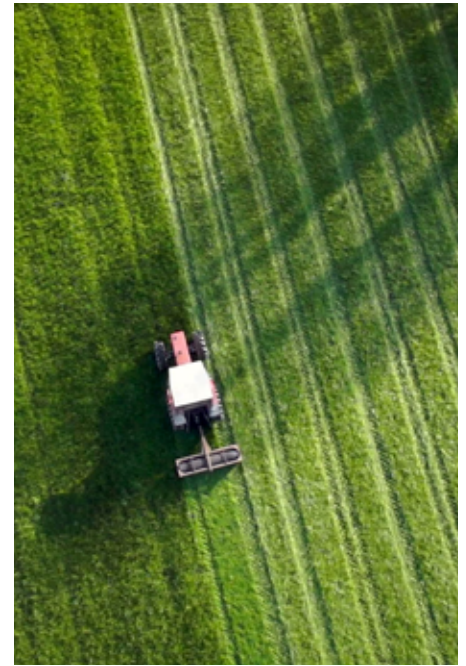
The New Zealand red meat sector story, which differentiates New Zealand from its competitors, is a critical component of new market development activity. This is our 'unfakable' story. It will build on the values of culture, people, trust, hard work, honesty, natural, sunlight, grass and it will explore the care and attention to stock for which farmers are renowned. Over time this story will continue to evolve as the customers and our market segments evolve.



It is important that individual meat exporters and marketers continue to have the ability to differentiate themselves from other New Zealand meat companies in the market place. In essence, we collaborate on the common platforms, and compete in areas where differential is possible and beneficial for New Zealand sheep and beef farmers.

### Ensure our story has integrity

The foundation or the 'integrity' of this story needs to be real, having the ability to substantiate and authentic that we do in-fact live up to these values is critical. This is not about adding extra cost or compliance; it's about capturing value from what's currently there. In essence this is about harmonising (led through RMPP) the various meat company quality assurance programmes which are currently in place throughout New Zealand, as well as understanding the regulatory environment for our processing plant food safety procedures.



### **Bringing our story with integrity together**

The story and national assurance programme will be wrapped up in an appellation. This appellation will only be available for those that meet the above criteria (companies and farmers).

This appellation will support meat companies own individual branding strategies – it will not be designed to either diminish or take them over.

### **Getting our story told**

Getting our partners (meat companies, meat importers, distributors, retailers and food service operators) to tell our story for us is where the value will be captured. Our partners will only use this story if they see it adding value to their business i.e. what's in it for them. Part of our role will be showing these partners this value proposition.

### **Particularly focusing on new markets and new customer segments**

Market development was considered to be finding and opening new market opportunities and there is agreement that there is huge value in a unified effort to open a new markets, or market segments.

There is a significant focus by exporters in the 1 – 2 year horizon and this is a highly contested space. Efforts to collaborate in this area, especially in mature markets brings with it challenges for B+LNZ. However, time horizons beyond 2-years, where new markets are being identified and developed have a higher risk and reward and requires a unified effort.



# PROGRAMMES OF ACTIVITY

## INTEGRATED PROGRAMME VISUAL

