

# Deer Industry New Zealand FORMAL GENERAL MEETING HAMILTON, 2007

## Venison Report: Innes Moffat, Venison Marketing Services manager

Good morning ladies and gentlemen, I have the privilege of being the venison marketing services manager for Deer Industry New Zealand. Venison is a wonderful food. At a time of increasing disposable incomes, increasing concerns about health and wellness, and increasing concerns about the naturalness and sustainability of food – Venison should be poised to become the red meat of choice for affluent consumers.

But it won't happen by default. – Natural beef, free-range chicken, apple tender pork, omega-3 rich tuna – all these, and many others, are fighting for the consumers' attention and healthy food dollar.

We have a great product much in demand in many countries around the world. But, because of the time delay and physical distance between farm and plate, our unavoidable reliance on shipping venison to markets on the other side of the world means we will be subject to cyclical swings in supply and demand.

My job is to work with marketing companies, here in New Zealand and in our international markets, to try and reduce the causes of these fluctuations, and improve the long term profitability of this industry.

This task is based on the Venison Industry Strategic Intent – as Chairman John Scurr has already referred to, we seek to diversify our markets, improve retail penetration of branded New Zealand venison, and spread consumption over a longer period of the year. By doing these things we will reduce our over-reliance on a short selling period, in one market sector.

Last year we introduced the industry's new promotion theme in Germany -"Impress Your Guests" – and we also got to work with Cervena in the USA. Today I'd like to update you on what's been done, tell you what's been achieved, plus talk about what we are doing to promote demand in New Zealand.

The New Zealand venison industry grew to supply the German game restaurant sector – we've got too big for it now and so we must create demand for our products in alternative areas. Retail sales provide an opportunity to increase volumes into the German market and improve consumer recognition of the quality of New Zealand venison. Retail also provides an opportunity to grow sales in the off-season, when traditional restaurateurs would not normally feature venison on their menus.

Working with importers, we introduced the 'Impress your Guests' programme to be run in conjunction with supermarket promotions. Designed to appeal to an affluent home gourmet, who is familiar with game products, "Impress Your Guests" has been developed to make people think about buying New Zealand venison.

We know that most shoppers normally go to the supermarket with a mental shopping list that says 'Eggs, milk, bread, meat...' and that the final purchase decision takes place as they move past the particular section or counter in the supermarket.

We also know that most purchase decisions are based on habit, and that the shopper must be motivated to act differently to break a habit. Unless the shopper expects to see an item – they will not see it.

So here's the vision – Our German shopper has an important dinner party on Saturday night – As she drives to the supermarket she wonders what she can cook – as she pulls into the supermarket car-park she sees a billboard saying – "Use New Zealand venison and impress your guests' – the seed is planted.

Moving through the supermarket she sees posters telling her that New Zealand venison is available, and is good quality, and at the butchery counter there are recipe brochures and helpful information on how to prepare a successful meal using New Zealand venison.

The concept is pretty simple, promote the product where it is being sold. A good way of doing this is through outdoor advertising around the supermarkets where venison promotions are taking place.

We asked the importers which stores they wanted to promote venison in, and we bought billboards around these stores to make shoppers think about venison on their way into the stores.

Between September and December last year we bought 500 billboards which stayed up for between 10 and 30 days. We estimate 80,000 shoppers took note of the billboards on their way into the stores, and we believe this is a cost effective means of reaching our target audience and we will be repeating this again, this year.

But while Billboards outside the store create interest, they do not create sales.

As you probably hear every year, one of the problems with venison is that many people don't know how to cook it. They think it's difficult to cook. They overcook it, and we know that venison tastes like liver if you overcook it.

The only way to overcome negative misconceptions is to get people to try it – you cannot communicate taste and smell through television, or print media or price discounts. It doesn't matter how much you drop the price – if people think that New Zealand venison doesn't taste nice – they're not going to buy it.

So, cook it properly, and get people to taste it.

Building on our previous experience of running store promotions, in September 2006 we began in-store sampling programmes linked to outdoor advertising at a number of German stores spread across the country. We had chefs providing cooking instruction and nutritional advice to shoppers in the stores.

We are not talking a nation-wide campaign. If you got off a plane in Frankfurt you would have to look long and hard to find evidence of New Zealand venison. But remember there are more than 50,000 supermarkets in Germany and New Zealand venison is only available in a certain number of these. We aim to only promote it where it is being sold.

DINZ worked with individual importers to identify their best locations for in-store promotions. Some of these were new outlets that had not sold venison previously, some had sold it but only over the autumn, and never in the spring. Some were existing customers that shifted substantial volumes of game meat, but decided that New Zealand venison needed to be given a better profile.

We undertook 100 days of demonstrations, and estimate that 20,000 shoppers tried New Zealand venison.

Fine you say, nice pictures - bbqs giving shoppers a free lunch. How has this helped my business?

We worked with 6 importers, representing maybe 70% of imports into Germany in 2006 – we'll be working with 8 in 2007. They see the value in this approach.

We're getting them to incorporate components of the "Impress Your Guests" material into their own promotions – which boosts the impact of our work.

All the stores we provided demonstrations in wanted the tasting wagons back again, sales increased substantially over the period of the promotion, before tailing off over subsequent weeks.

But most importantly – all the importers we worked with reported increased retail business. They reported increased sales, increased number of outlets, and increased length of sales.

Some importers reported that sales through retail outlets increased by 30% this year.

This is not only a result of the promotions, it is a reflection of all parties working together to grow the retail business of New Zealand venison. And a lot of work is being done by companies independent of the generic promotion funded by DINZ.

The largest share of the DINZ venison budget is used on company specific promotions. DINZ uses its funds to encourage companies to promote New Zealand venison. Companies can target individual customers to build sales of venison, and increase overall demand.

Most of these company initiatives are aligned with the objectives of the venison strategy:

- diversification,
- increasing identification of New Zealand origin, and
- retail penetration in Germany.

But others are aimed at the bread and butter of the New Zealand venison industry – the European restaurant sector.

The industry's aim is to reduce our reliance on the food service sector, not abandon it. Most New Zealand venison will still be sold through European restaurants, and we can encourage and educate European chefs to treat New Zealand venison differently from European feral venison. We are promoting the quality assured status of New Zealand farmed venison as a major advantage over European feral venison.

The caption reads 'Desire for game'. This is an example of a European importer advertising New Zealand venison in a food service magazine.

DINZ and New Zealand exporters have assisted with advertising in food service catalogues, cash and carry advertising in Germany, and the Netherlands, chefs seminars in Belgium, and food service advertising in France, as well as many other promotional activities.

Many of these individual company activities use the new venison logo and colours, which adds impact to the generic work being done by DINZ.

In total DINZ funds were used on 73 projects to promote venison in 17 countries. For each dollar that DINZ put into these promotions, exporters and their partners put in 2.

And Joint Promotions with importers are having an effect. Here is an example of all the elements of our strategy coming into line. An importer negotiated to supply a retail chain with about 1,000 outlets with venison prior to Easter. Venison is never eaten at Easter – it's goose or lamb at Easter. The promotion was printed in 7 million flyers which were posted direct to the store customers. 'IYG' recipe brochures were distributed with all the deliveries direct to the stores. All the venison was sold, – and the store has indicated they wish to repeat the exercise next year.

I'll just show you this German retail promotion at Easter, using elements of the 'Impress your guests' promotion... and a giant rabbit wearing a chefs hat.

But once we get past the Giant Rabbit, in the chefs hat, the components of the programme capture everything we're looking for.

- Chilled venison, at retail, for easter. Small roasts with a recipe and the Neuseeland Hrisch logo.

So the industry has been working on its diversification strategy for several years now – has there been anything to show for it?

Traditionally we've been told that the European game market was only so big, and that when exports from New Zealand increased, prices fell. But over the last few years we have seen the opposite happening.

Here's a bit of pseudo economics. If we graph Euro prices for bone-in haunch, and plot these against the total volumes of venison exported to Europe since 1997 we see a general relationship that when volumes increase, price decreases.

But from the depths of 2004 something changed.

New Zealand exports to Europe increased, and prices in Europe increased too. So more venison sold – for higher prices to New Zealand. On a demand and supply graph this would indicate that overall demand for New Zealand venison has increased. It will be interesting to see if my hypothesis holds – you can have me on about it next year!

But the facts are New Zealand earned an extra 45 million dollars from Europe last year, on a 3% increase in volume. The reasons for this were the creation of new markets for New Zealand venison and increasing demand in traditional markets.

Venison marketers are adding value to their exports by product development, retail expansion and diversification. They have more options now and so can choose to supply better paying markets.

And one of those better paying markets is the USA. Although exports to the USA account for only 5 or 6 % of volume, much of these exports are high value middle or chilled cuts and so the value of North America to New Zealand is much higher.

Cervena exporters recently committed to an extended strategy aimed at increasing the value of Cervena. The core objectives of the new strategy are to increase exports of higher value items to the North American market. This allows a focus to the promotional activity, and allows measurement of the progress of the activity to be reported to Cervena Trust Limited. Given the opportunity the North American food service market represents to New Zealand, DINZ committed generic promotion funds to support this activity with confidence that increases in demand for New Zealand venison in North America will provide higher returns for New Zealand deer farmers.

We've been working on getting Cervena back into the vocabulary of America's working chefs in 2006. We have been putting it on menus at chef events, advertising on chef websites, and getting well know chefs to use our venison and say nice things about it.

Added to this we continued our sponsorship of an organisation called 'Star Chefs – rising stars.' This national network of professional chefs recognise the up and coming stars of the culinary world. Cervena sponsors many of the events associated with this awards programme – we also get to tie in distributors who supply Cervena for the awards dinners and public tastings.

We ran a recipe competition for professional chefs in the USA and were very pleased with the level of interest. In the end we received 59 entries, and coverage in 3 national food service magazines and 4 chefs websites.

Our collaborative education programme with other New Zealand exporters was very well received by culinary schools and professional associations, we have more planned for September, we've been invited back to all the schools for repeats whenever we like.

A large part of the DINZ programme is dedicated to getting people to visit the [www.cervena.com](http://www.cervena.com) website as a resource and starting point for the enquiries about natural tender venison. We advertise on chefs websites, we place recipes in other website databases, we link to other websites and also run editorial content on chefs websites.

Because of these we've have about 130,000 hits on the Cervena website since it was relaunched last year. Most of these have been because of the advertising we have done.

Interestingly, total volumes exported to the USA in the last year have actually declined, but this reflects the redirection of manufacturing product to Europe where it is achieving better prices. Exports of quality cuts continue to increase to the USA, to around 1,000 tonnes

We estimate that about the same amount of venison is consumed in New Zealand, but the bulk of this is manufacturing meat for sausages and pies. For this reason we do not allocate funds to generically promote venison in New Zealand because very little is sold through supermarkets and restaurants. Nevertheless with very little money, we've done a long list of activities this year to increase the public's awareness of the availability and nutritional value of venison in New Zealand.

We started with the nutritional composition of the common retail items now more available, this was then published into the data used by professional dieticians.

We presented information on the nutritional value and availability of venison at the New Zealand Dieticians Conference, and produced nutritional information and recipes suggestions for their use

We also worked with a dietician to provide articles for the New Zealand Dietetic Association, Guild of Food Writers and the New Zealand Diabetic Association.

DINZ undertook a series of activities to promote venison to Professional Restaurants in New Zealand:

- Promotion of Cervena through sponsorship of food industry events – Pinot Noir 2007 Gala Dinner,
- Presentation to New Zealand Meat retailers conference,
- Sponsored National Culinary Competition – Venison cooking competition and the premier 'Black Box' live cooking competition,
- Venison cooking tutorials to 15 polytechnics throughout New Zealand,
- Tutorials for Butchery apprentices at three polytechnics, and
- The Katrina Gordon food shows.

We also undertook some consumer press work:

- Summer BBQ media release:
- Chef interviews on National Radio and Newstalk ZB
- Two chefs demonstrations on Good Morning TV.
- Winter menus feature in food service publications.
- Production of new retail recipe brochure.
- Sponsored cooking demonstrations at the Auckland, Christchurch and Wellington Food Shows, The Winton A&P show, and the Petone Food Festival.

We were very pleased with the coverage we received from our summer BBQing media release: Venison featured in: Essentially Food, Air New Zealand Magazine, The Southland Times and other regional newspapers and magazines.

This work will continue, for example, although I don't have a copy yet – we've arranged for venison to be very heavily featured in the next edition of New World supermarkets magazine Essentially Food – please keep an eye out for it, and as always – if your local supermarket isn't selling venison – go in and ask for it.

We would all would like to see more venison in supermarkets in New Zealand, but the decision has to be based on commercial returns, and venison marketers are making those decisions on an on-going basis.

One area that DINZ is taking a lead in is encouraging collaborative promotion activities among New Zealand food exporters to enhance New Zealand's reputation as a produce of fine food. What I like about this is that collaborative action enables us to reach new customers using other peoples money.

The two projects we started this year are culinary education tours in the USA and German retail promotions.

In the USA we work with lamb, wine and mussels to provide NZ Inc demonstrations to 6 top-class cooking schools. For small individual contributions we've reached hundreds of future chefs with the clear message that food from New Zealand is available and it's really good.

In Germany we're working with Meat and Wool New Zealand and an importer to run a series of supermarket promotions. We halve the cost of reaching new customers for New Zealand venison.

DINZ wants to continue with collaborative exercises, where they suit our needs, and we're talking with other exporter sectors now about expanding the US culinary programme and including things like food writers tours to New Zealand into the mix next year.

Ladies and gentlemen I hope I have been able to give you a good overview of what we're doing to position the industry for the future. And show that what we are doing is working. It's not DINZ acting in isolation from companies, we work together, and the companies are as committed to this programme as DINZ is.

The year ahead promises much. Your company representatives are better qualified than I am to tell you of price prospects and schedule returns, but – currency notwithstanding – market demand for our venison is good, distribution channels are diversifying, we have a much larger potential customer base than the industry had even three years ago – some of these customers will miss out in the year ahead if prices increase and supply drops – so be it. Demand for some competing game products is down, and New Zealand venison is clearly preferred in many sectors of the market. Meat and food prices are rising due to higher feed costs and increased demand from emerging markets. And the economies of our key markets are growing again with consumers looking for healthy alternative food choices.

The fundamentals are coming into line, but, consumers and food buyers have many choices and all partners have to be careful not to repeat the mistakes of the past and force venison off menus and supermarkets shelves through excessive pricing – but managed carefully, gains can be made to make sure all partners in the chain have a profitable and sustainable future in this business.

Thank you.