

## DEER INDUSTRY MARKETS, MARKETING AND PROSPECTS

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### INTRODUCTION

It is a pleasure and a privilege to have been invited to be the opening speaker to a branch of the veterinary profession for whom I have the highest regard.

Your initiative in forming this branch some three years ago and the branch Proceedings you have published from previous courses have made a significant contribution to the development of the Game Industry.

I am further privileged to be the only speaker to address you who is neither a veterinarian nor an animal research scientist. I appreciate that it is expensive and time-consuming for scientists to come to conferences. My dilemma in preparing this talk was how to ensure I would make a positive contribution to your Course. After all, my major interests are in the fields of marketing and deer farming. You probably have little background in marketing and feel entitled at deer veterinary courses to get a break from your deer farming clients.

My topic is Deer Industry Markets, Marketing and Prospects. Although I am a member of the New Zealand Game Industry Board (GIB) I do not intend to limit my comments to a GIB perspective. I am first and foremost a businessman. As such I see two key questions for veterinarians servicing the Game Industry.

Firstly - where is the game industry going?

I would suggest if you don't have a feel for this you cannot possibly determine the appropriate level of investment, if any, a practice should make in time and resources to service the industry.

Secondly - if you consider the game industry has a future then in jargon more commonly heard in marketing circles, I would suggest members of the Deer Branch of the veterinary profession should be asking themselves: are we market-led or production-driven?

Let's look at these questions in more detail.

Does the game industry have a future?

I believe it has a very good future. Recent market signals in the form of market prices of livestock would, however, appear to be giving a contrary view.

In fact, the fall in deer prices can be directly attributed to the loss of confidence by buyers following the announcement in December 1985 of the government's proposed changes to livestock taxation.

Export prices for the products of the game industry, however, remain virtually unchanged from a year ago, and confidence in market prospects has been placed on a more objective basis with the market research work already completed by the Game Industry Board.

Our industry's position should not therefore be compared with the traditional livestock industries where falling livestock prices are directly attributable to falling product prices and a bleak market outlook.

#### **THE GAME INDUSTRY BOARD\***

Central to the future of the game industry is the co-ordination and planning being provided by the Game Industry Board. Its role is essentially to provide a "managed free enterprise system." The Board's stated primary objective is the long-term maximisation of net returns to the industry.

The Game Industry Board has five processor/exporter representatives, a government nominee from the Economics Division, MAF and five producer representatives, three of whom have considerable experience and qualification in areas such as marketing and commerce rather than being just farmers. It is charged with promoting and assisting in the orderly development of the game industry and in the orderly marketing of game and the products derived from game. In this context 'game' means only deer. The Board's functions include collation and dissemination of statistical information relating to industry production and to export volumes and prices, support for research into the processing area, development of industry grading standards and product specifications, and of course, market research, strategy development and promotion in target markets on a planned basis.

The growth of deer farming in New Zealand has to date been an outstanding success story in the field of pastoral production. The challenge confronting the industry now is to ensure its on-going viability in the face of continuing increases of supply - from 2,000 tonnes of venison last year, to perhaps 7,000 tonnes in 1990 and somewhere between 12,000 and 20,000 in 1995 - large volumes in terms of the existing markets for venison but certainly not in regard to the market potential. Though by-products, of which the main one is antler velvet, contributed \$10 million of the \$28 million export earnings of the deer industry in the year to June 30 1985, the big earner was venison with \$18 million of sales. With effective marketing the potential of this product is expected to underwrite the long-term future of the deer industry. Velvet is the wild card for the industry for growth in demand from existing markets is likely to be limited. If however, current research into turning velvet into an acceptable product to Western markets is devised and this product successfully marketed, this could prove to be a huge export earner for the Game Industry. If this scenario eventuated it would inevitably reduce venison supplies until a new equilibrium was reached in velvet herd size. This would affect the need for venison demand creation and would probably increase venison prices at least in the short term.

Returning from the speculative to the more certain, how does the Game Industry set about effectively marketing venison?

The starting point is professional market research carried out or arranged by marketing agencies based in the market place. This process has already

started. In the current year the Board will spend in excess of \$120,000 on market research in Germany and the United States designed to assess the existing market for venison in each country, the potential for development of those markets and the optimum strategies to position New Zealand venison in such a way that future growth in demand will match growth in supply.,

#### **GERMAN MARKET RESEARCH**

This research is not due for completion until August 1986 but already it is apparent that there are significant differences in the perceptions of the game wholesale trade, which traditionally handles venison, and the retail food trade. The wholesale trade sells mainly to the food service or restaurant sector, whereas the retail food trade represents the potential target area for future volume sales. The wholesale trade which has been based for many years on distribution of wild game taken by hunters, both makes a distinction between feral and farmed game and emphasises the claimed disadvantages of farmed game. In contrast, the retail food trade does not differentiate between farmed and feral origin and sees positive advantages for farmed game through its:

- availability throughout the year
- natural farming conditions
- healthy qualities as a low fat, low cholesterol source of protein
- consistent quality
- value for money.

#### **US MARKET RESEARCH**

The message coming through from the American research is that success in the food service market is dependent on identifying consumer's requirements and developing products or cuts to satisfy those needs. Ninety per cent of all new restaurants in the US fail within five years so the restaurateur and his suppliers have to understand what the consumer is looking for when he eats away from home. Key trends and consumer needs and demands include:

**CONVENIENCE** -quick convenient meals that fit into busy life-styles are overtaking more leisurely restaurant and hotel/motel eating place sales.

**QUALITY** of food, service and atmosphere are high on attribute ratings for traditional restaurants.

**DIVERSITY** or different types of foods and new taste experiences are being sought out by Americans.

"GRAZING" is a growing trend for eating lighter, more casual meals, often consisting of several appetisers and possibly a dessert. The "grazing" consumer is most likely to be a member of the baby-boom generation, reasonably well-off and most willing to experiment and try new food items.

NUTRITION consciousness is more than just a fad and as the link between diet and physical well-being becomes better known consumers are demanding healthier food, eg: lower fat content, and nutrition information on menus.

These trends are characteristic of the mainstream portion of the US population and food service industry, and will not necessarily be followed in high priced white tablecloth restaurants where the majority of venison is consumed at present. Nevertheless, in the long term the ability of the New Zealand venison industry to respond to the tastes and lifestyles of the American consumer will determine whether it maximises its volume potential in that market.

### **PRODUCT QUALITY**

The affluent German, American or Japanese consumer tends to be a lot more quality-conscious and a lot less forgiving than his New Zealand counterpart. As a high quality up-market item venison will be expected to meet demanding standards with absolute consistency. The Board attaches a high priority to determining and implementing the appropriate quality control and quality assurance standards required to ensure product always meets the quality levels demanded by the customer. Uniformity of cuts, minimal variations in size, objectively measured standards of leanness, known shelf life for chilled venison, and separation of product from young and aged deer, are all matters which require attention in order to secure the right quality image for New Zealand venison. Once appropriate parameters have been established it is possible that product which meets these standards and any other Board marketing requirements will be eligible to carry a Quality Seal administered by the Board. Such a Quality Seal could provide one way in which the Board's marketing and promotional activities could effectively establish a premium for qualifying product and achieve a degree of protection from potential market damage resulting from suppliers of other venison of inferior quality.

### **MARKETING**

The impact of planned and targeted promotion based on the recommendations of the Board's marketing agencies will substantially exceed anything that could be achieved by exporters acting as individuals. The latter are in any event unlikely to spend heavily on generic promotion because so much of the benefits of this type of promotion can just as easily accrue to competitors. Creating consumer awareness and demand for venison in major markets will be largely a Board responsibility.

### **PROSPECTS**

The New Zealand deer farming industry has a technological and quality edge on existing and potential competitors. It produces a product with exotic

attributes that encourage consumers to pay a high price for it. There is excellent potential for increasing venison usage given the desire of consumers the world over to try new and different foods and to seek out foods with a healthier connotation. The industry has accepted the need for organisational and promotional planning and management co-ordination, and has established the Game Industry Board for this purpose.

I believe the Board has the appropriate membership and staff and overseas agencies to ensure that together with farmers, processors and exporters the Game Industry has the most promising future of all the pastoral industries in New Zealand.

#### **FUTURE CONTRIBUTION OF DEER VETERINARIANS**

Hopefully I will have now provided a positive answer to the first question I asked: "Does the Game Industry have a Future." I would like to conclude my remarks by asking you to consider:

- The contribution Deer Veterinarians could make to the future growth and development of the Game Industry.

This brings us to my second question.

"Are you providing a service that is market-led or production-driven?"

Do veterinarians, in fact, look at their practice as a business? If they do not, I would suggest it is a very appropriate time to be doing so.

We, and particularly those of us working in or servicing agriculture, are finding ourselves in an increasingly non subsidised, deregulated and competitive business environment. If you are to make a profit from your service, and that is the primary reason for being in business and is the only way to stay in business, then the starting point must be to examine what type of service a practice could give.

- To best serve the future of the Game Industry
- To earn the required rate of return for the practice
- And just as importantly to earn a return for the client.

Given your training and knowledge are you best serving the Industry by waiting for farmers to call you out as a fire-fighting service for the services farmers "know" you can provide?

Is this a role you want to play?

Would there be more profit for all concerned if you were to more aggressively market your knowledge and services.

Should you be putting more time into convincing the farmer you have more to contribute by advising him on how to better utilise Animal Health Management to run a more efficient farm?

Should your service be integrated with the wider role of a farm advisory service?

Perhaps it would be worth considering combining or including within your practice persons with other farm advisory qualifications.

I certainly do not believe even a fraction of the knowledge you have as a profession is being put into practise by deer farmers.

The question of who is most at fault is not really worth debating.

Veterinarians and deer farmers have an independent economic interest in the success of each other.

So where should the initiative come from to improve each other's economic lot. Marketing analysis in the simplest form will tell you that if the customer doesn't know about your service or product and what he could earn from it, then he won't ask for it.

The initiative, I believe, must therefore come from your profession.

I am not suggesting you try to convert deer farmers on an individual basis. I am sure it would be a lot more efficient to market your knowledge and services to them as a group. By this I do not mean waiting for deer farmers to organise seminars and ask you to speak about lungworm or Tb or something else they already know you know something about. Perhaps you should consider promoting your own seminars or seminars in conjunction with deer branches or Deer Council. A travelling roadshow with some farmer converts speaking with you would be another approach. I do not wish to imply these ideas or questions are new to all of you.

I know some veterinarians are already moving their practices very successfully into more advisory work.

However, I strongly believe tremendous deer farming gains could be achieved by more veterinarians considering this approach to our industry. In support of this I can only speak from my own experience where a predominantly fire-fighting Veterinary Service fixed some of my problems. Almost by accident I discovered the benefits of using an Advisory Veterinary Service. This provided our farming operation with many new possibilities including a higher stocking rate, and better stock performance. This has increased the quality and quantity of product we can provide for export. As farmers we obviously benefit from this, so does the game industry, and so must our veterinary farm advisers for they can take satisfaction, and a well-earned fee, from seeing the successful application of their knowledge by the farmer. Very importantly the farmer in turn finds himself earning a return on the veterinary fees rather than having simply incurred another cost which will reduce his returns.

Perhaps you will have an opportunity at this conference to discuss not only the very interesting papers that are going to be presented to you, but also to consider how you can best get your knowledge out into production with the farmer so that it will start making a contribution to the quality and quantity of product to be exported by the Game Industry.

## CONCLUSION

In considering whether there is a need to you to 'market' a wider role for your profession to play in servicing the Game Industry, consider the deer farmer's position in terms of this quote from Plato:

"We will be better if we engage and inquire than if we indulge in the idle fancy that we already know - or that it is of no use seeking to know what we do not know."

In my opening remarks I acknowledged the debt the Game Industry has to this branch for the work it has done. In considering your future contribution to the Game Industry I commend one further quote to you.

"We are all given possibilities; the important thing is what we make of them."

\* Sources: Game Industry Board