

DIRECTIONS AND OPPORTUNITIES FOR DEER VETERINARIANS

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THE NEED FOR A DEER INDUSTRY MARKETING STRATEGY

As part of developing its own strategic direction, the Board summarised the state of the industry at the NZDFA New Plymouth Conference in 1992:

- There had been sliding real terms returns, for both venison and velvet, for several years
- The industry had grown very rapidly
 - 10 years ago 1400 tonnes of venison, worth \$9.7 million were exported
 - that is now 14,500 tonnes of venison, worth \$130 million
- There was still an overwhelming dependence on a major market
 - venison is dominated by Europe and especially Germany, velvet is dominated by Korea
- We'd seen the boom/bust cycle of rapid growth
 - a major issue was **volatility**

The priorities for an industry strategic direction were to:

- Halt the slide in real terms returns
 - value is more important than volume increase
- Sustain profitability (for all sectors)
 - to avoid a winners and losers situation each year
- Create demand to balance any supply growth
 - while acknowledging that exporters placed massive increase in volume without the farmer price collapsing
- Increase New Zealand market influence
- Reduce an unhealthy dependence on traditional markets
- Increase the per animal return
 - with a focus on four revenue streams
 - venison, velvet, skins and co-products
- Create a unique partnership between producers, exporters and service providers (including vets)
 - to achieve economies of scale
 - to achieve a co-ordinated and profitable direction

The *dual* marketing strategy for venison was announced

- The Cervena™ branding strategy was aimed at the higher value markets (eg. USA)
- The ZEAL™ quality mark was used for established markets, to move venison into higher value niches
 - using brands meant we could make sure the benefits come back to New Zealand
 - profitability depends on selling the whole carcass, so an integrated strategy must cover all markets and all cuts
- We aimed to redistribute volumes between markets to decrease volatility and increase market returns
- We went for a combination of an umbrella strategy for economies of scale and greater market impact, with the private sector energy of free enterprise competition

A diversification strategy was developed for velvet:

- To reduce dependence on the traditional Korean market
- To develop new markets for traditional products, eg. in China and possibly Japan
- To develop new products for our traditional markets, eg. a user-ready tonic

- Those same new products could open up new markets
 - the western natural medicine market is an obvious choice
- The Invermay research and development programme provides essential support to achieve those marketing objectives

QUALITY ASSURANCE UNDERPINS THE STRATEGIES

Underpinning both strategies is quality assurance

- Differentiating our venison on the basis of assured quality
 - all brands depend on consistent quality
 - capturing the competitive advantage
- Raising the quality level of our velvet
 - necessary to avoid price volatility, most evident in the lower grade market with the flood of competitive product
 - aim to identify New Zealand velvet through the marketing chain to the consumer
- The "pasture to plate" quality assurance programme was formalised, building on the Board's foresight in developing quality programmes for the venison processing sector back in 1985
 - we identified all links in the quality chain
 - we started developing quality assurance programmes for them all
- There has been some recent debate about whether the NZGIB should be active in the quality assurance field
 - it is the Board's view that it not only should be, it must be
 - the Board has to take the long term perspective, especially in difficult times when the private sector looks to reduce its risk
 - the Board also believes in the principle of user pays, once programmes are sufficiently established

MARKETS INFLUENCE AND REGULATE OUR ACTIVITIES

Issues which were once considered fringe are now important:

- Care and treatment of animals
 - Vets have always considered this a priority, but now consumers have caught up
 - advertisements in London underground right now are highlighting animal transport conditions
 - the first New Zealand petition under MMP is seeking to ban battery hen farming despite it meeting international best practices
 - The market influence of consumer opinion is increasing
 - USA reaction against tuna because of driftnets catching dolphins
 - In my own dual capacity as a farmer and as a marketer I am very well aware of the increasing importance issues like this are going to play in international marketing over the next few years
 - I met with a major UK supermarket chain last year, and their first three questions were about on-farm quality criteria, the velveting code and the treatment of animals being transported to slaughter
 - incidentally, that chain specifies suppliers shoot their deer in the paddock, believing it is less stressful for the animals and therefore the meat is better
 - obviously vets have a big role to play in all these areas
- International food markets now regulate suppliers very highly
 - "For the protection of consumers"
 - it is ironic perhaps that this area is becoming more regulated while other areas of international business are becoming less

- In food safety and hygiene matters, the regulators take no risks
 - when the American *Jack in the Box* chain had a case of E. Coli in minced meat recently, health authorities took the problem right back to the farm
 - That first export venison carcass wrapped in hessian would not today be allowed into Germany
- In fact extending quality assurance back to the farm is now widespread in many other countries and industries (eg. Danish pork)
- These issues can affect access to international markets
 - Velvet is an obvious example
 - with Ireland the only European Union country which permits the harvest of velvet and the others deeply opposed
 - Tb eradication is a priority for food safety reasons
 - perceptions are often more powerful than reality

THE ROLE OF THE VET

So where do vets fit in with this?

- Quality Assurance
 - In fact the quality chain starts with the market, because meeting the customer's needs, developing a long-term relationship based on customer satisfaction are essential to creating market returns sufficient for all parts of the marketing chain to prosper
 - However, for our purposes we will assume the quality chain starts on the farm
 - the first and main point of contact between vet and the deer industry

The On-Farm Quality Assurance Programme

- Many of you here today have been directly involved in getting that programme established, and the Board acknowledges and thanks you for your input
 - the combined knowledge many of you have as both vets and deer farmers is invaluable in bringing a fully rounded perspective to the programme
 - there will be vets formally trained as assessors for the On-Farm programme
 - it is also likely that many vets will act as an informal assessor for their clients from time to time
- The NZGIB believes in the partnership concept, and a farmer/vet partnership is relevant in the context of the on-farm quality programme
 - partnerships are based on enlightened self-interest, so that both partners bring their own skills or attributes into the partnership and then in turn both benefit from the combination
 - the farmer acquires an additional resource in the form of the vet
 - perhaps through a better understanding of animal health and welfare practices which improve product quality and therefore returns
 - the vet is involved in a wider and more pro-active relationship with the farmer
 - perhaps more in active prevention programmes and not just cures
- In terms of the on-farm quality programme, the vet is foremost a specialist advisor
 - in minimising spread of disease to animals
 - in minimising risk of damage or injury to animals
 - in fixing any disease or damage that does occur
 - in best farming practices
 - adding value to the farm through cost-effective service and the health and wellbeing of the animals

- Vets are in a good position to see the "big picture" and advise farmers accordingly
 - withholding periods after use of all drugs
 - ensuring no hormones or steroids are used with deer (none are licensed)
 - impact of residues and use of chemicals even if not directly used on deer
 - significant marketing and market access implications for the industry
- Vets are key communicators of an industry marketing message which is designed to lift the level of the playing field
 - reduce risks and costs
 - improve bottom line profits for your clients
 - I believe this will also provide dividends for vets as business people
 - provided you avoid the temptation to create "jobs for life"
- We can't forget that vets have a legal responsibility for animals under their care
 - by ensuring their deer farming clients are well-informed and well-trained vets can delegate some of that responsibility, and the Velvet Training and Certification scheme is a good example of that
 - but the vet cannot delegate the final responsibility

Deer Transporters Quality Assurance Programme

- While there is little day to day involvement for vets with this programme, the transport standards on which it is based are vet approved
 - Vets can and should encourage their clients to
 - use only accredited transporters for their stock
 - be there when their deer are loaded onto the truck
 - fill in the necessary documents
 - Two years work raising a quality animal can be undone in a few minutes poor handling by an inexperienced driver or a few miles in an inadequate crate
- **Communication**
 - From the NZGIB perspective, practice vets offer an excellent informal communications network around the country, and we'd like to make better use of it
 - in future we will include all vets involved with deer our *Market Report* publication on a regular basis, so you're well informed about the industry and its issues
 - when we run shed meetings, vets will be invited as well
 - But communication is a two-way process and we'd welcome views from vets too:
 - an early warning system about issues which could become important
 - feedback about your clients' perceptions about animal health or welfare issues (or other industry issues for that matter)
 - The NZGIB acknowledges that the consultation and communications process for the Velvet Training and Certification scheme was not handled as well as it should have been
 - we've learned from that experience
 - **Credibility**
 - Vets are widely perceived as providing independence, credibility and technical or scientific knowledge, as well as concern for the appropriate care and treatment of animals
 - this is valuable in assisting the industry provide evidence of good practice
 - we need case studies to help sell these messages to farmers
 - they also help sell the message internationally
 - to vets in other countries
 - to other lay audiences within New Zealand

CONCLUSIONS

- Developing a strategic direction is a time-consuming and often difficult process, but a necessary one
 - The deer industry has had a difficult year, but I venture it would have been considerably more difficult had its overall direction and strategy not been clear
 - the collapse of European venison markets did not also mean the collapse of the American market, and we have the Cervena strategy's discipline to thank for that
 - if we had not identified animal welfare as such an important issue to be faced, it might have been tempting to drop or dilute the Velvet Training and Certification scheme in the face of opposition
 - if we were not totally convinced that quality is a necessity for our marketing strategy (and not just an option) it might have been tempting to defer parts of the programme until times were easier
 - if our velvet research programmes were not so directly related to marketing objectives it might have been tempting to slash that budget recently as well
 - In essence, having agreed our strategic direction after extensive consultation, those decisions were made for us by their integration into the strategic plan
 - we knew where we wanted to go
 - we knew what we had to do to get there
 - we were able to focus clearly on the priorities and go for them
- From an outsider's perspective, I see a number of conflicts and potential conflicts to be resolved, most of them a case of striking the right balance:
 - between vet as care-giver and vet as business operator
 - between individual practices seeking to find or secure their competitive edge, and the profession's strategic direction
 - between vets as experienced practitioners in deer technique with internationally marketable skills, and vets "giving away" industry competitive advantages through questionable technology transfer
- I commend the veterinary profession for taking the steps towards its own strategic plan, and wish you a successful outcome
 - I don't pretend it will be easy
 - I do assure you it will be worthwhile

June 1994