

QUALITY IMAGE AND MARKETING

BACKGROUND

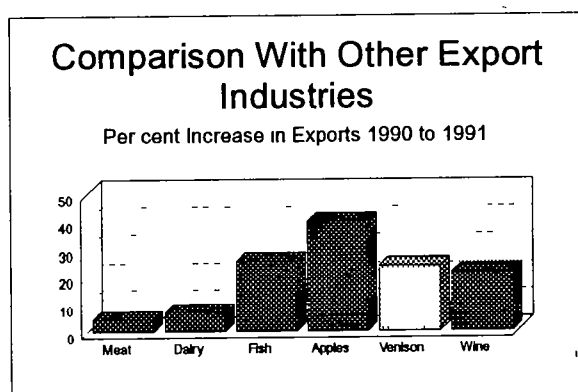
1. The New Zealand Game Industry Board has recently developed and published a broad-based strategic plan for the industry. The plan was developed through extensive consultation within the industry and with outside agencies and interested groups. The whole basis for the strategy is differentiating New Zealand products on the basis of quality.
2. By setting out the broad thrust of the strategic plan, this emphasis on quality in all its facets (quality assurance, quality image, quality presentation and quality marketing) will be very clear.

INDUSTRY GROWTH

1. The industry has grown dramatically over the past few years, and the challenge is now to manage that growth effectively, for the long-term benefit of industry participants.
2. The figures tell the story:

	Total Export Value (June years, \$ millions)		
	1987	1989	1991
Venison	24.6	38.4	53.2
Velvet	10.5	25.8	46.8
Hides	<u>1.4</u>	<u>1.5</u>	<u>3.1</u>
Total	36.5	65.7	103.1

3. Venison export growth (1990-91) was highly comparable with other similar industries, even if by comparison with the 'giants' of meat and dairy the export revenues were relatively modest.



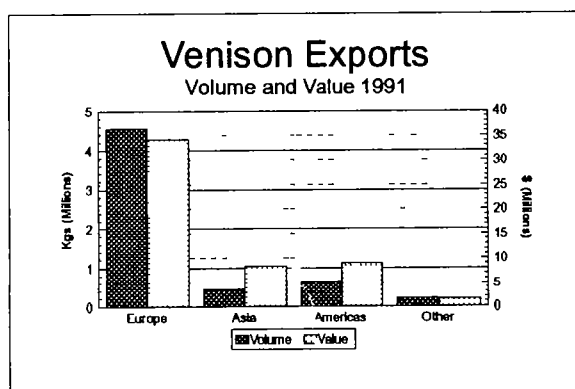
4. However, further analysis showed that this growth was masking some serious underlying issues. In real terms, the industry was falling behind and (if unchecked) that trend could be expected to continue.
5. While New Zealand "invented" the farm raising of deer for venison, and enjoys prime mover status at the moment, there are competitors entering the industry. While they are at present small in volume and relatively un-coordinated in marketing activities, it was clear to the GIB that it must take maximum advantage of the existing lead-time to consolidate that competitive advantage.

6. The result was the industry strategic plan, first presented publicly at the Deer Farmers Association Conference in May 1992. Specific objectives for the plan are:

- (a) The profitable expansion of the New Zealand deer farming industry across all sectors, through:
- real unit price increase per animal
 - venison export value growth of 11 - 15% per annum
 - venison export volume growth of 8-12% per annum
- (b) Increase New Zealand's market leverage
- (c) Develop individual marketing plans for the other deer-derived products (velvet, hides, deer products) to maximise revenue streams for the whole industry

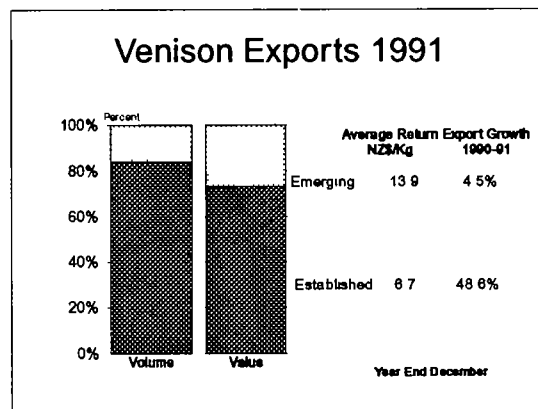
VENISON MARKETING

1. The initial focus for the strategy is venison. In 1991, the following chart shows the regional market destination, by volume and value



2. Market Segmentation

- (a) Established markets
- European
 - Restaurant markets, seasonal
 - Traditional distribution
 - Competitive supply
 - Wider product mix
- (b) Emerging markets
- American, Asian, New Zealand
 - Developing through restaurant trade
 - Higher returns
 - Less supply competition



3. Product differentiation

- Premium unique product
- Price accordingly

(a) Emerging markets

- expand market
- create awareness, loyalty, preference
- brand name (appellation)
 - secure New Zealand 'ownership'
 - focus promotional activities

(b) Established markets

- "guarantee" consistent quality

4. Parallel strategy

- Recognises
 - Importance of volume markets
 - Potential of emerging markets
 - Significant differences between them

(a) Emerging markets

- branded (appellation) strategy
- maximise sales, maintain prices
- prioritise markets by opportunity
- develop premium image

(b) Established markets

- certification trademark strategy
- restaurant trade, quality emphasis

5. Quality Image

- Premium product image
 - gourmet food business
 - up-market but not prohibitively expensive
 - exciting opportunities for chefs' creativity

- New Zealand origin
 - natural environment
 - free from growth hormones and stimulants
 - prime mover status for farm raising venison
- Creative strategy
 - top New York creative agency
 - fully co-ordinated communications strategy

APPELLATION STRATEGY

1. Objectives:

- Differentiate the product and expand the market
- Create trade and consumer preference and loyalty
- Create market leadership position
- 'Own' the market

2. Market Selection

- USA
 - high returns
 - low absolute volume
 - limited supply competition
 - nutritional profile fits consumer trends
- New Zealand
 - high per capita consumption
 - cost effective PR link
- Japan
 - further evaluation

3. Product Definition

- initially restrictive to ensure premium positioning
 - processed by accredited plant

4. Product Positioning

- excellent nutritional value
- mild
- tender
- quality assured
- convenient preparation
- year round availability

CERTIFICATION TRADEMARK

1. Objectives:

- Trade strategy
- Differentiate New Zealand venison on ability to 'guarantee' consistent quality
- Objective to increase price returns

2. Market Selection

- Germany and Switzerland launch
- widespread labelling

3. Product Positioning

- consistent quality
- tender
- year round availability
- food safety

NEW ZEALAND GAME CO**1. Owns appellation (brand) asset**

- Appellation
 - development
 - registration
 - launch
- Franchising
 - potential Royalty Opportunities

VELVET MARKETING

1. New Zealand is acknowledged as the world leader in consistent velvet quality, both in production and processing.
2. Future marketing plans for the Korean market will differentiate New Zealand velvet from competitive product on the basis of quality, related to country of origin.
3. The GIB funds research programmes designed to evaluate New Zealand velvet in comparison with competitive product, and ascertain the quality differences. Findings will be incorporated into future marketing plans
4. The basis of differentiating New Zealand velvet from competitors will be quality.

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