

Deer Industry New Zealand  
FORMAL GENERAL MEETING  
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Venison Report: Innes Moffat  
*(Venison Marketing Services Manager)*

Well, ladies and gentlemen, here I am about to give you another venison report. I'm very pleased to be back for my third Deer Industry Conference, and I'm very pleased to observe substantially better prices than at my first. I took the job three years ago because the New Zealand deer industry produces a great product, and I could see that if supply and demand can be better aligned, then there is a rich future for this industry.

With strong demand, rising food inflation and likely reductions in venison production, the next phase of the New Zealand venison industry cycle should return good prices for New Zealand venison. How long this cycle lasts is dependent on many things, with producer attitudes and actions among them.

It is fair to say that European importers cannot get enough New Zealand venison at the moment, and that they are betting that continued strong demand will mean that they can make a profit on the increasing price they have to pay for it. With lower production from New Zealand, those chefs and companies who need New Zealand venison will pay for it. But, what about those who do not need venison from New Zealand.

Already wholesale prices for some venison items are higher than they were in 2001. Are we in danger of repeating 2001?

Well, in 2001, venison prices rose on an over-reaction to the perceived troubles of the European beef and sheepmeat industries, New Zealand production was climbing, and New Zealand was over reliant on one sector in Europe.

Similarities do exist. In 2008 we are witnessing some speculative buying because of current short-term problems with South American beef supply, we are seeing more companies exporting and importing, creating speculative buying, and we still do not know what the top price will be when a chef removes it from their menu.

So risks remain, but some things are different.

Perhaps the most important difference is that production is now on a downward plane.

But we are also much less reliant on the German game restaurant sector.

A much larger proportion of our venison is being exported chilled rather than frozen, so is less likely to be traded.

Venison is being sold through retail 12 months of the year, in some markets.

And finally the European trade are more familiar with the Quality and Traceability of New Zealand venison, which means it's less likely to be substituted with European feral venison.

Can we demonstrate this increase in demand? As a fan of the dismal science I can't help but put in graph or two, I know this has been a highlight for the Branch Chairmen at their last couple of October meetings. A demand curve shows how much people are prepared to pay for differing volumes of a commodity. We've been told that the German game market had certain constraints, and as NZ Exports increased beyond 15,000 tonnes, prices fell sharply.

This seems to have been true up until 2004.

But the big surge in production and the concentrated efforts of marketers to find new customers does seem to have increased overall demand. So we can sell more, for a higher price.

If we can maintain exposure to new markets and customers, and if sellers take a long-term view with their pricing, we can reduce the risk of dramatic price corrections.

So the challenge for the industry is to keep prices high and returns good without overdoing it.

Deer Industry New Zealand is taking action to assist stability and improve returns for the venison industry. Combining with venison marketing companies, DINZ continues to implement activities designed to achieve the aims of the Venison Industry Strategic Intent 2005-2009.

We work toward three core targets:

- Reduce reliance on the traditional game restaurant sector;
- Lengthening the consumption period; and
- Increasing New Zealand Country of Origin Identification.

We continue to support the sale of venison through alternative channels so we do not become reliant on the restaurant sector again. We continue to build consumer recognition of the quality and availability of New Zealand venison at retail so that firstly; they will be less resistant to the current price increases, and secondly, once our production does begin to increase, a willing market exists for the increased quantities.

One of the key means of achieving this has been the efforts by New Zealand venison marketers to enter the retail sector in Germany, and other European markets with an affinity for game, Sectors to which New Zealand has had relatively little exposure in the past.

Retail sales continue strongly for exporting companies. Branded New Zealand venison was offered for sale across some of the largest retailers and public cash and carry stores in Europe in the past year.

Sales of Venison were supported by a set of promotional tools, designed to give exposure to our product in the most cost-effective way.

A range of promotional material is available to importers in Europe to supply their retail customers. Just for example, DINZ supplied 120,000 recipe brochures, 5,000 chiller bags, and 3,000 cutting tips charts in the past year. In addition, we conducted around 80 days of in store tastings.

A central feature of the local promotion strategy is to promote it where it is being sold. We talk with importers, identify the actual stores where venison will be available, and place billboards at the entrance to the supermarket, or in the car park.

Our venison is available through supermarkets, and also through cash'n'carries. A cash and carry serves both the consumer and restaurant chef, so we also conduct tastings and promotions at cash'n'carries where we can reach both groups.

We conduct a small amount of national consumer awareness advertising. We placed a 5-minute TV feature on 23 commercial TV stations and you could see this running on the TV in the foyer, and we also placed a 5-minute radio broadcast on 35 stations throughout Germany.

The radio broadcast promoted the healthy nutrition of New Zealand venison, gave some cooking tips, and also offered some prizes for listeners who rang in to request some further information. We estimate that about 2 1/2 million people listened.

It cost us 5,000 euro, we'll be doing another one this year.

Carrying on the nutrition theme, we produced material promoting the low fat, high iron message. We used a well-known German author and nutritionist, Dr Nicolai Worm, to endorse New Zealand venison, and he called it a 'Heart-beat food' due to the higher levels of omega 3 and 6, and low levels of saturated fats in grass-fed venison. This was distributed via retail outlets, sent to nutritionists, and used in press releases to health publications and lifestyle magazines.

Throughout the year, Deer Industry New Zealand continued to provide food writers with information and inspiration to persuade them to feature New Zealand venison in articles and recipe suggestions. Coverage for New Zealand venison was obtained in women's press, food and chefs' websites.

**Our second challenge is to lengthen the consumption period.**

Any product like venison where 80% of consumption occurs in just 2 months of the year will be extremely vulnerable to oversupply. Stocks carried over from the season will be left on hand to compete with the subsequent year's production. Convincing consumers to eat venison at non-traditional times, and encouraging sellers to supply it, can reduce New Zealand's vulnerability to seasonal fluctuations in demand.

Another advantage of increasing the period when people will eat venison is that a greater proportion can be exported in chilled form, for a higher price than can be obtained if it is frozen. This means a more level schedule for farmers, with a higher average throughout the year.

As the Chairman has already told you, the past two years have seen a dramatic increase in exports of chilled venison from New Zealand and a substantial increase in chilled exports outside the normal season. The development of chilled products, and educating customers how to handle chilled venison in a controlled environment, has allowed an increase in exports of these higher value items. This trend will continue, and can only be good for the industry.

Here's some examples of what DINZ has done to push out the consumption season. A series of retail promotions with an importer, MWNZ and DINZ through the spring and summer in Germany.

Spreading the message to other markets has also been stepped up in the past year. DINZ has produced a raft of foreign language promotion material for distribution in Italy, Denmark, Belgium, and Netherlands, France and Switzerland. Customers in non-traditional markets in other areas of Europe are also being taught the versatility of New Zealand venison.

We're working with companies in a few European countries to highlight the qualities of New Zealand venison which differentiate it from other game, and make it suitable for summer cooking. We assist a company conduct venison tastings 12 months of the year via Dutch cash and carries and food wholesalers. They have seen their sales grow substantially because of this activity, and now sell venison 12 months of the year.

Our own Graham Brown is used to teach chefs new ways of cooking venison, and here he is conducting a venison demonstration to chefs and buyers in Belgium to generate interest in Venison as an out-of-season item.

As we increase interest and appreciation for venison from New Zealand, it is very important that it carries its country of origin in some form.

Products which are packed in New Zealand for sale on European retail shelves carry a clear New Zealand company brand.

But a large, and important part of the New Zealand business involves exporting venison for repackaging in foreign markets. There are many advantages to operating the trade in this manner. The foreign manufacturer may be using a well-recognised brand to package the goods, distribution times can be shorter, and so goods are packaged to order, rather than packed in New Zealand with a long lead time.

A disadvantage of this sales channel is that the New Zealand origin of the goods is often lost.

Deer Industry New Zealand and exporting companies worked with five manufacturing companies in Europe to get New Zealand origin onto their venison items. Discussions were commenced with three other companies to begin branding their manufactured products with clear New Zealand origin.

Examples of this included ready to cook cuts for Dutch retail stores, as well as ensuring that when venison is promoted through supermarket fliers, its New Zealand origin is clearly displayed.

These activities are supported by Joint Promotion funding.

Here's an example of bringing a few of the ideas together. Citti, as some of you may know, is a large German importer, retailer and food service distributor. They have five mega supermarkets in the north of Germany, and they mail a newsletter to around 150,000 loyal shoppers each week.

Citti stocks approximately 50,000 items in each of their supermarkets, and every marketer wants space in their magazines. We agreed with them to sponsor a prize when they promoted sales of New Zealand venison through their stores. We got our logo on their front cover, they conducted tastings in their five markets, and they sold out of venison. One week does not a successful marketing campaign make, so we, with their New Zealand supplier, continue to discuss how we can maintain interest in New Zealand venison, 52 weeks of the year, as prices increase. We'll be using their in-store television advertising, conducting butchery-staff training, and featuring New Zealand venison in their newsletters in the year ahead.

I've mostly been talking about the European market up to now, so now I'll turn to what's happening on the Cervena front. This year marks the third year of a commitment by Deer Industry New Zealand to directly fund promotion of New Zealand venison in North America using Cervena. We continue to have five marketing companies licensed to use Cervena, with a shared strategy to promote Cervena in North America.

Exports to North America were hit by the weakening US dollar, the strengthening European market, and lower New Zealand production. With concerns about the American economy, distributors are worried about the strength of the restaurant sector, especially at the top end where venison is used.

But in 2007 we observed a considerable breakthrough for one company in the USA, with Cervena being placed on an upmarket, national steak-house chain menu. Vindication of years of work by the company to get this chain to accept a game item on their menu.

DINZ reassessed the range of activities undertaken under the Cervena banner at the end of 2007. With volumes down, and prices up it was agreed with Marketing managers to concentrate on building the brand image of venison, rather than supporting sales activities.

Therefore some print advertising was purchased and sponsorship activities were reduced. We took a limited number of ads in the country's most influential food magazine, Food Arts, which goes to 50,000 food professionals, and told two stories.

The first focussed on the food. Cervena, grown in harmony with nature, a meat that satisfies the demand for culinary creativity, taste satisfaction and excellent nutrition.

The second focussed on the people, a farmer and a chef, both share a passion for producing good quality, sustainable food.

Because of these ads we've received nearly 300 requests for more information from chefs across the USA.

Advertising is good for awareness, but editorial is good for credibility. We send food editors recipes and photography, put them in touch with friendly chefs who say nice things about us, and send out press releases announcing sponsorships and awards, with the aim of getting mentions of Cervena in their writings, so people become more familiar with Cervena.

Here are some of the titles where our recipes have featured in over the past year, all the big titles for chefs and restaurateurs in the USA. For more information go to [www.cervena.com](http://www.cervena.com).

We continue to update the Cervena website and send newsletters to chefs in the USA. It's received about 180,000 hits in the past 12 months.

Chef education remains vital. On the education front, together with Meat and Wool New Zealand, and Zespri this year we continue with the long-term education activities via the Pure New Zealand Cuisine culinary demonstrations.

With our co-sponsors we have preached the good word that New Zealand is a producer of fine quality food at 12 schools, to over 300 future chefs and restaurant managers.

And on the New Zealand front? Once again we've worked both at improving the restaurant sectors usage of Venison, and informing the public that venison is more available at retail, we've done:

Training at Culinary and Butchers Schools;  
Press Releases and Magazine Work;

Sponsored the National Dietician Conference;  
Sponsorship of Cooking programmes; and  
Local Retail Support...

And run a national Cervena competition with a hotel chain, which resulted in venison being highlighted in regional media, and on national television. We arranged for the restaurant winner to appear on TV One's Breakfast show, cooking his winning recipe live for the nation.

**So prices are better, prospects are good, should we sit back and ride the commodity boom, or should we continue with the long term positioning of New Zealand venison which has helped us get here, and which will help build some stabile profitability into this industry.**

The challenge for the industry is to extract more from the market to ensure venison production is an attractive investment option, while ensuring price does not lead to buyer resistance and a fall in prices.

This industry must continue to work on positioning New Zealand venison as an exclusive, high quality meat, regarded as superior to other meats because of its production methods, presentation, nutrition and flavour.

Because it is the best meat in the world, we've just got to keep telling people.

Thank you.