

# Diverse products for Diverse Markets

Ivan Lawrie, FAR

ADDING VALUE TO THE BUSINESS OF CROPPING

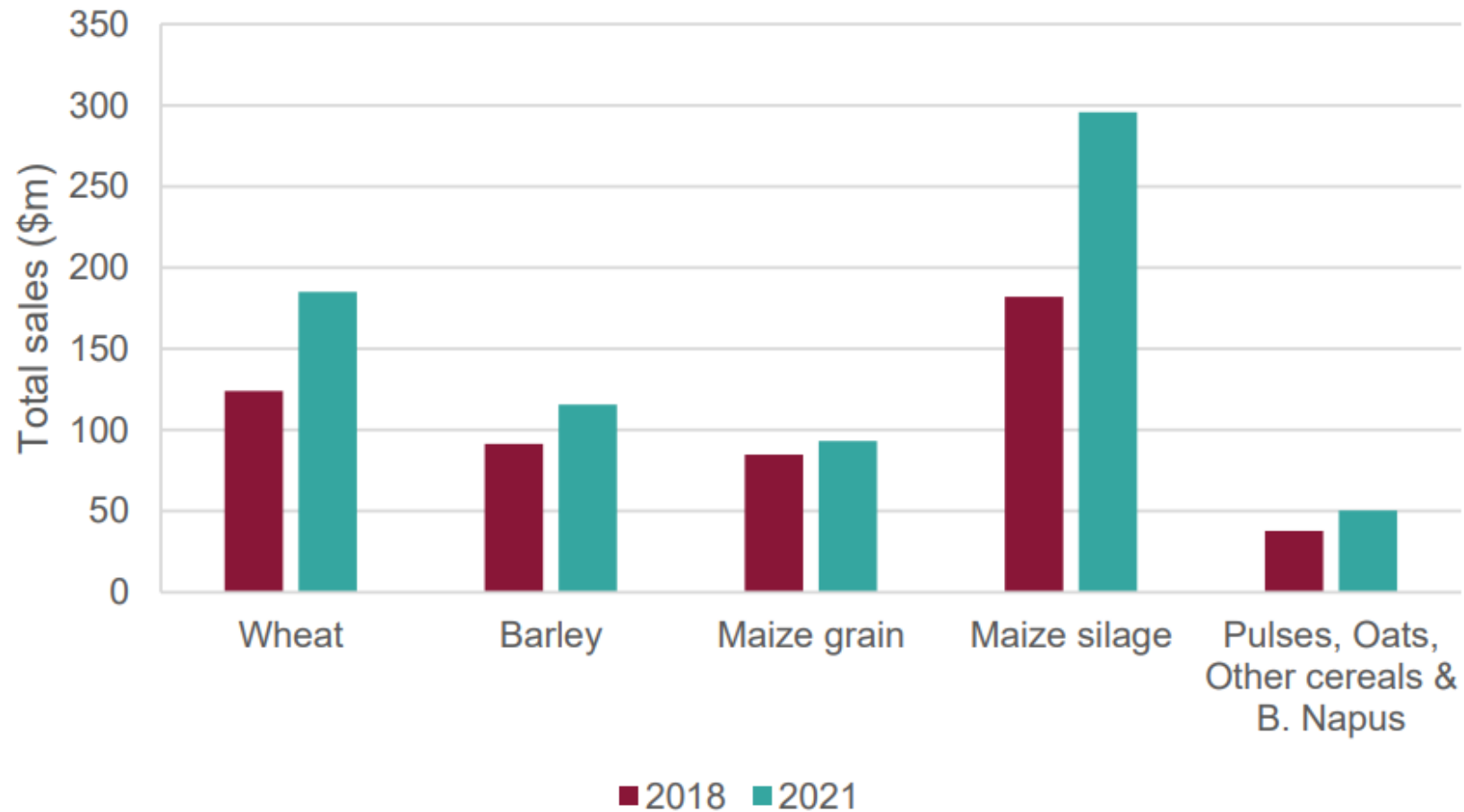


# Definitions of Market (Merriam- Webster)

- A place where provisions are sold.
- A meeting together of people for the purpose of trade.
- The rate or price offered for a commodity or security.
- A geographic area of demand for commodity or service.
- A specified category of potential buyers.
- The course of commercial activity by which the exchange of commodities is effected.
- An opportunity for selling.
- The available supply of or potential demand for specified goods or services.
- **The area of economic activity in which buyers and sellers come together and the forces of supply and demand affect prices.**



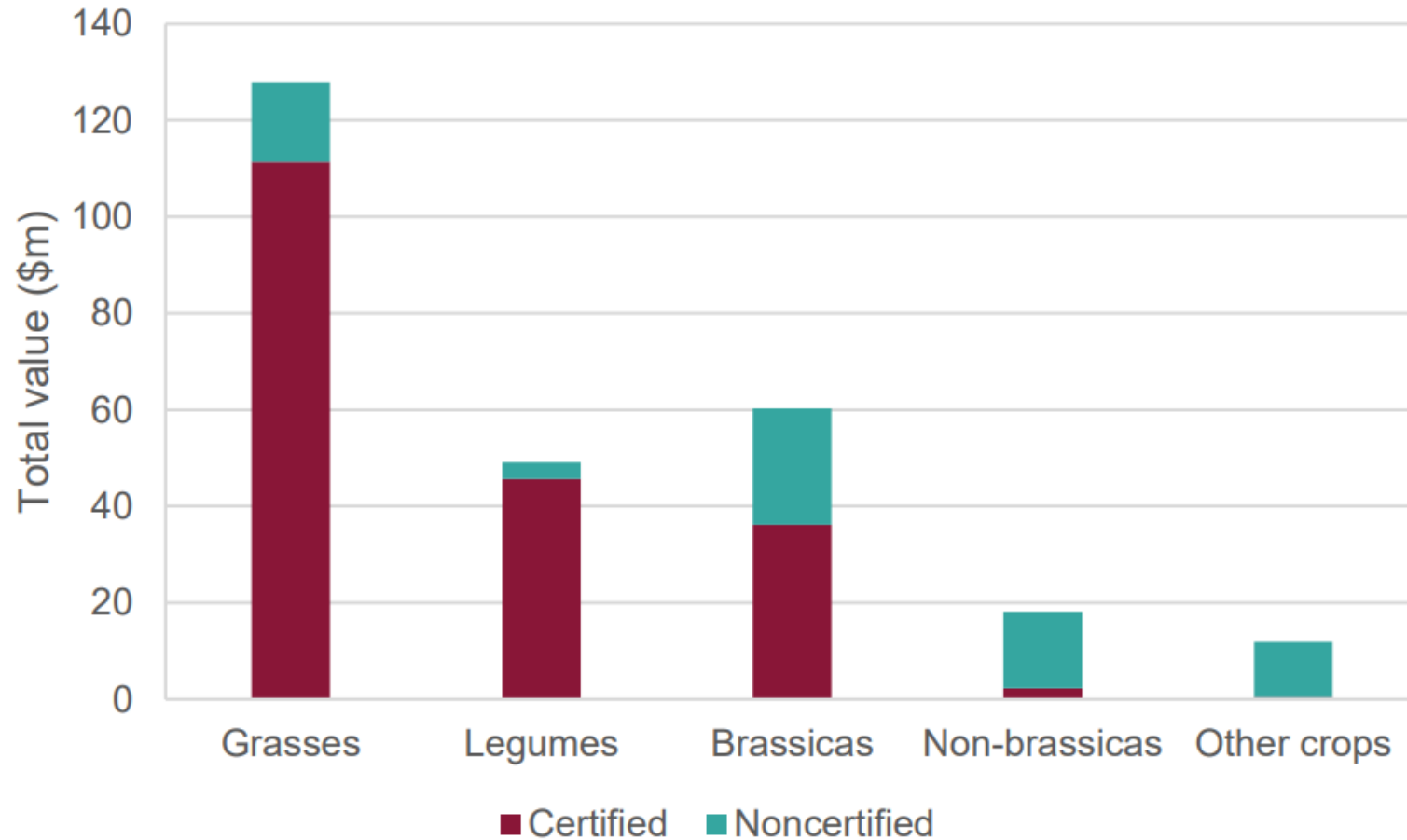
# Arable products – Feed and Food\* (\$740M)



\*Arable Food Industry Council - Economic Impacts of arable production July 2022



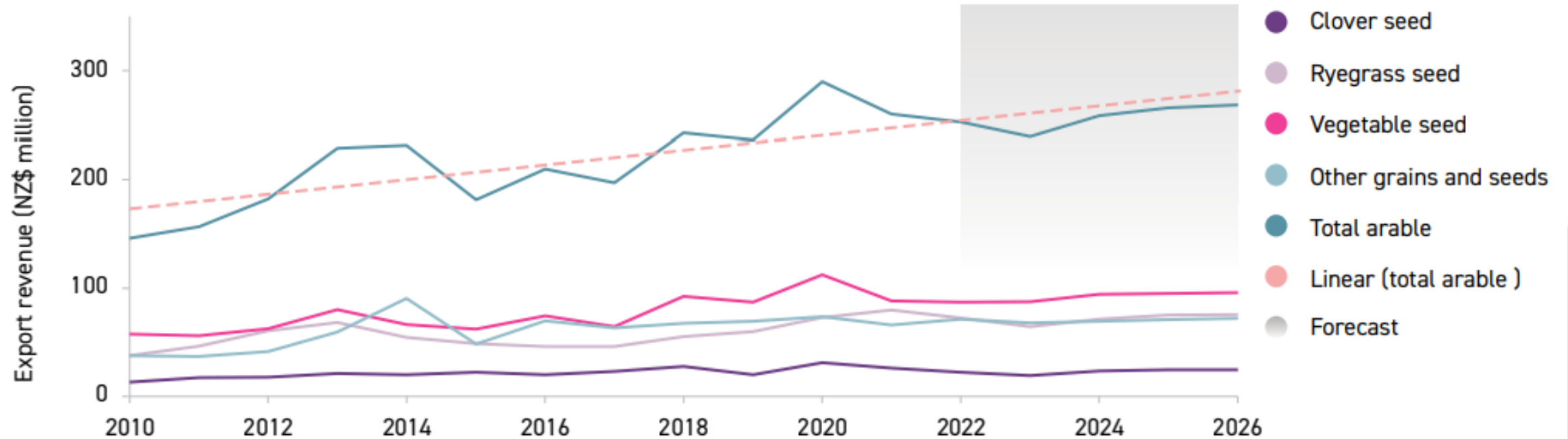
# Arable Products – Seeds for sowing\* (\$267M)



\*Arable Food Industry Council - Economic Impacts of arable production July 2022

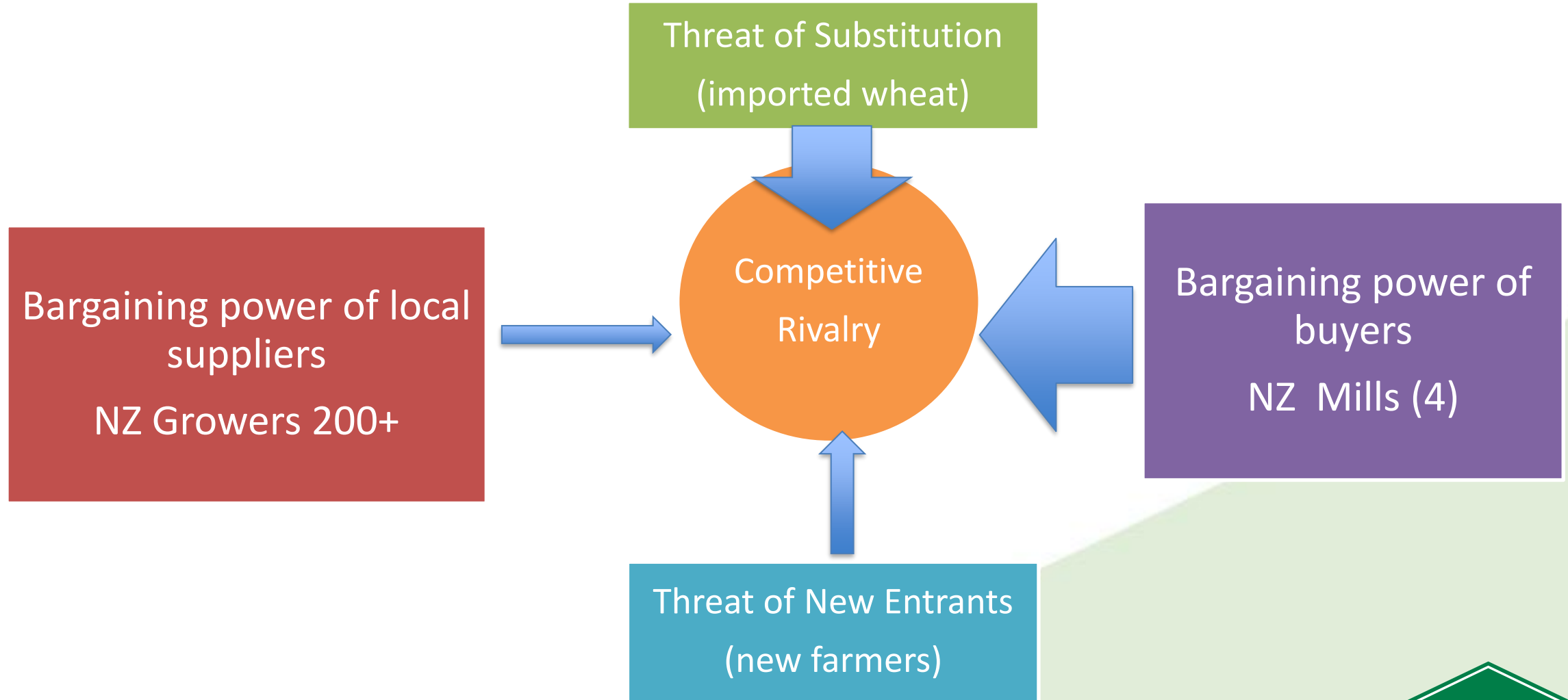


# Arable Exports



Source: Stats NZ and MPI.

# The Five Forces at Play for Arable products: (e g NZ Milling Wheat)



Adapted from Porter, M. (1979)



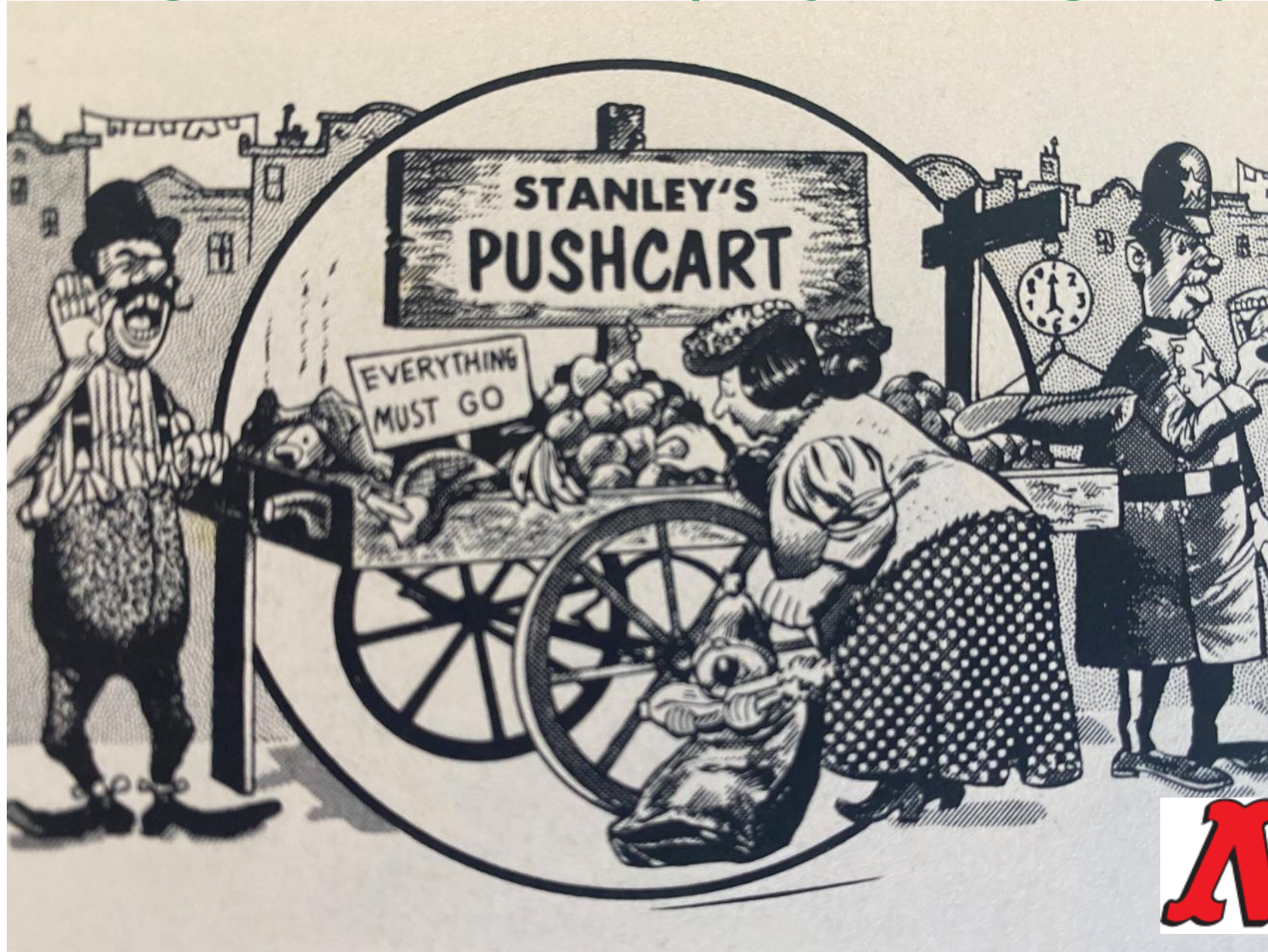
# Commodity or beyond?

- **Direct farm sales?**
- Add value to product ?
- **Join forces with others?**
- Completely new products?
- Stick to your knitting and do what you do?





# The Lighter side of... (50 years ago...)

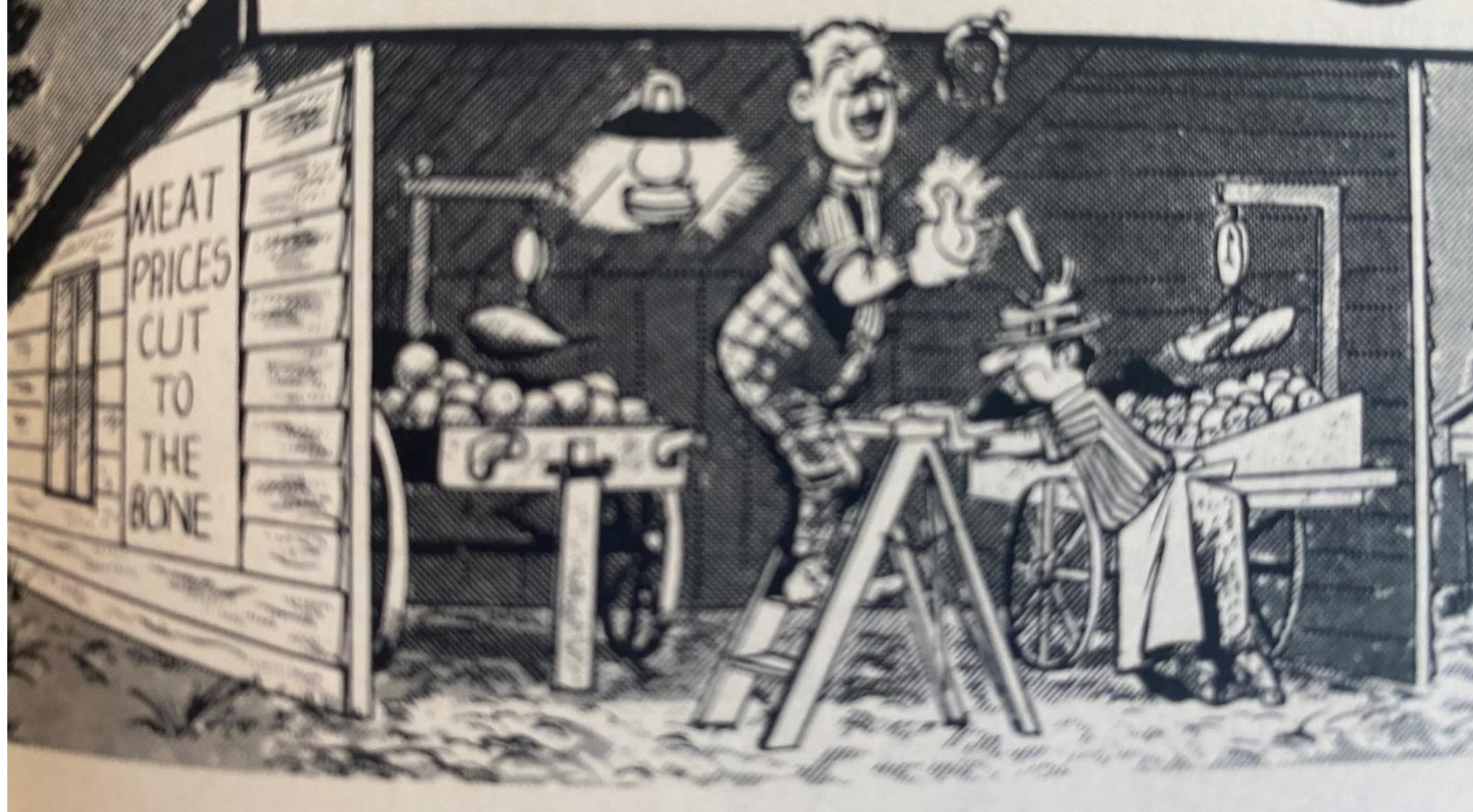


**MAD**





# STANLEY AND SOL'S STORE





Then man progressed even further. He gathered up some of these "Stores" under one roof, and called it a "Market."



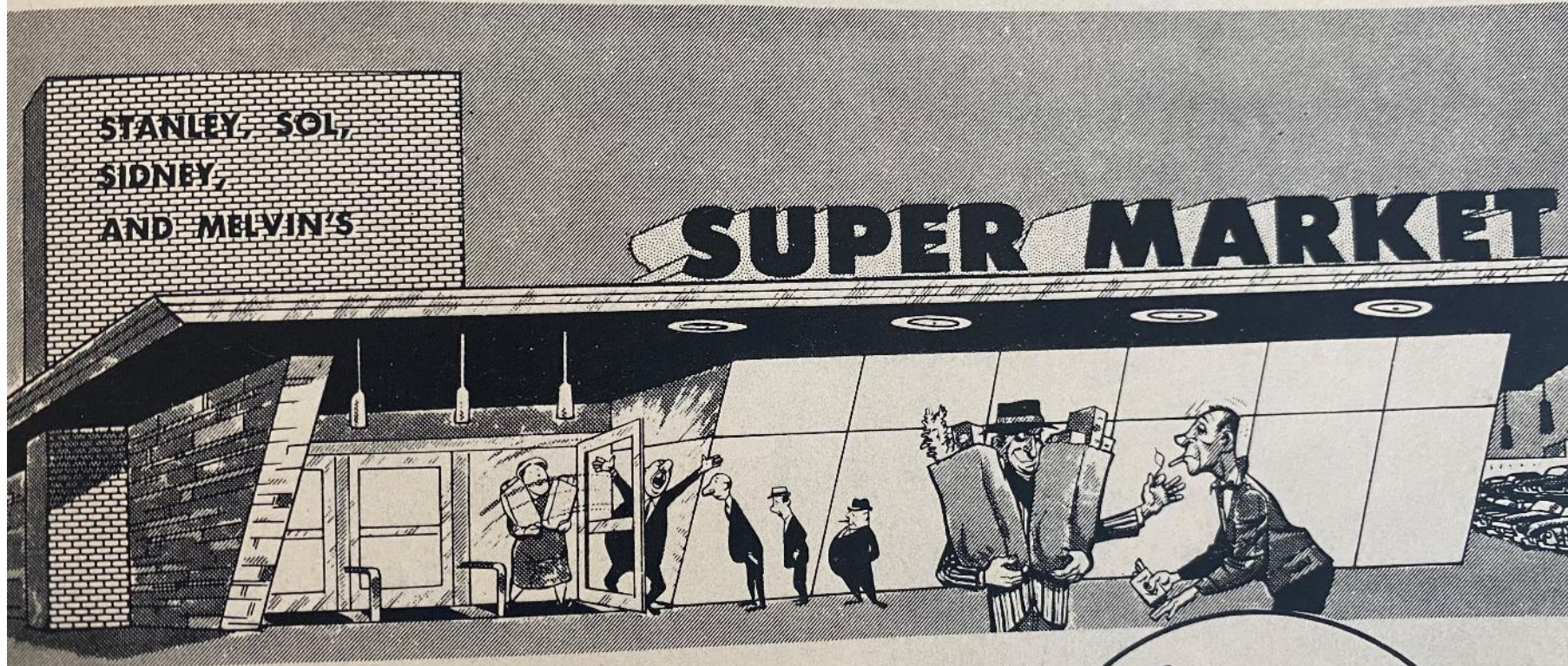
cash registers





d still man wasn't satisfied. So he gathered up some of  
se "Markets" under one big roof, equipped the monster  
h glass-and-chrome, scientifically-calculated displays,

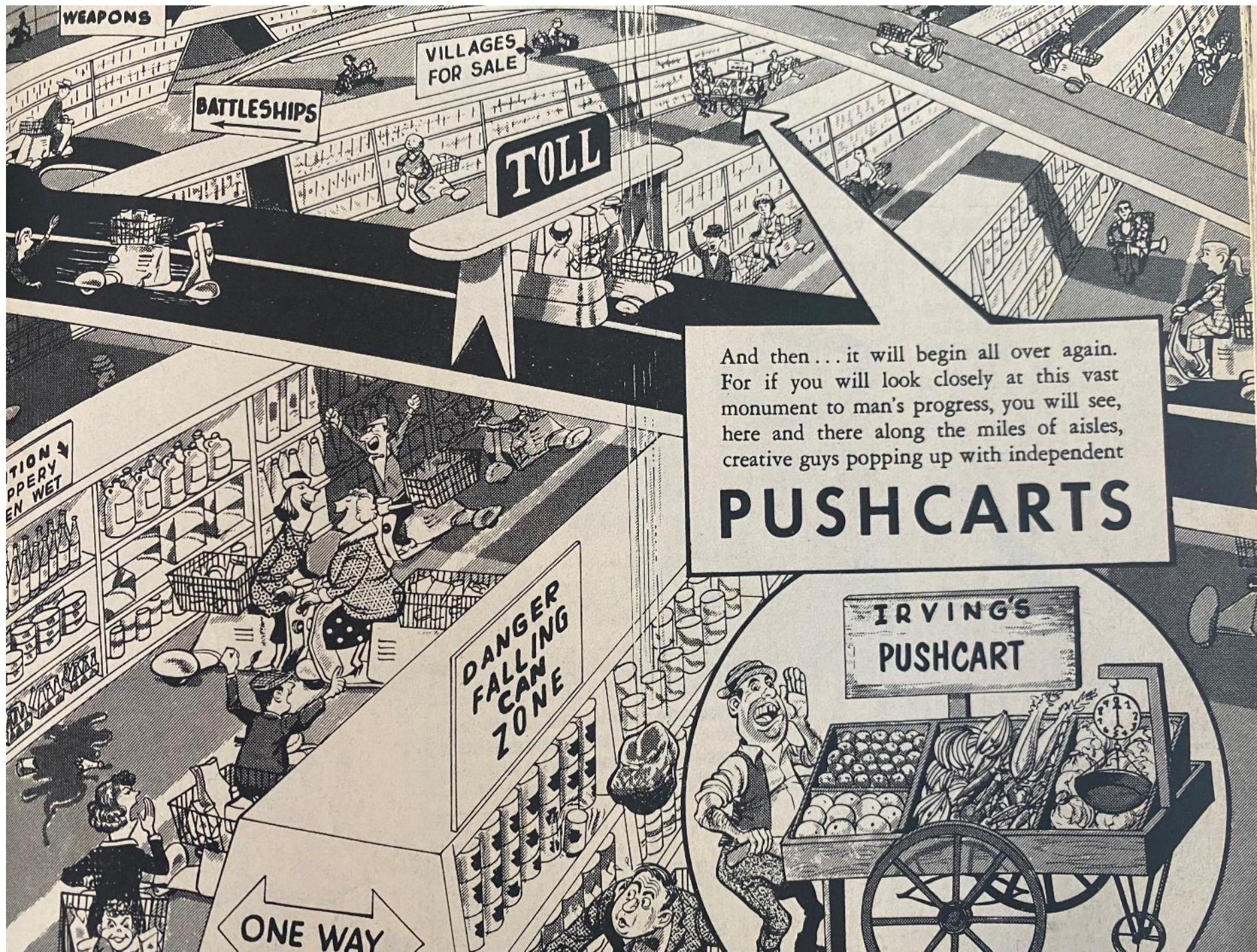
electric-eye door-openers, conveyor belts, cash registers  
that add, divide and subtract your money, surrounded the  
place with a parking lot, and called it a "Super Market."



o that, today, through progress and  
agination man still buys all the







And then... it will begin all over again.  
For if you will look closely at this vast  
monument to man's progress, you will see,  
here and there along the miles of aisles,  
creative guys popping up with independent

## PUSHCARTS



# Commodity or beyond?

Direct farm sales?

**Add value to product ?**

Join forces with others?

**Completely new products?**

Stick to your knitting and do what you do?



# Diverse consumer preferences...hmmm



## In Study finds most New Zealanders still eat meat

6 Jul, 2021 04:30 PM

2 minutes to read



Photo / File

The Country



About 94 per cent of New Zealanders still eat meat, according to 2018 data from more than 47,000 people.



# FAR – Products and markets.

New crops or new products and markets for existing crops.

1. NZ Milling wheat initiative – Eat NZ grains.
2. Durum wheat project – Regional development blueprints.
3. Plant protein project – pea / fava bean extraction.

# The best thing since sliced bread??

Weighted average, cheapest brand per 600g, Jun 2012–Jun 2022, NZD

Provider: Stats NZ



FIGURE.NZ

Retail price of sliced loaf of white bread in New Zealand.



# FAR - EAT NZ Grains initiative.

- Kicked off in 2019 – wide industry engagement.
- Two streams : Consumer awareness and infrastructure/logistics.
- Surveys conducted pre and post covid.
- Mythbusting on quality.
- Carbon footprint of NZ v Aussie wheat.
- Workshops and events.



# What do people *actually* want?

## 2019 FAR- AERU Bread consumer survey:

### 980 bread consumers nationwide

- Group one (51%). Willing-to-pay \$0.49 more for a bread loaf that is made with New Zealand origin flour over one that is not.
- Group two (13%). Willing-to-pay \$0.23 more for a bread loaf that is made with New Zealand origin flour over one that is not.
- Group three (36%) not willing-to-pay for this bread attribute.



Agribusiness  
and Economics  
Research Unit

A Lincoln University Research Centre.  
New Zealand's specialist land-based university.

Estimating Bread Consumers'  
Willingness-to-pay  
for New Zealand Grown Grain  
as a Flour Ingredient

Dr Peter Tait

Dr Caroline Saunders

Paul Rutherford

September 2019



# Post-covid survey (AERU – April 2022)

- Consumer preferences for NZ origin flour have strengthened. positive willingness-to-pay for this bread attribute.
- Preferences for NZ Organically produced flour is now significant compared to 2019 where they were not.
- Preferences for NZ Carbon neutral and biodiversity NZ enhancing produced flour remain consistent with 2019.
- Preferences for NZ water quality protection produced flour is now significant compared to 2019 where they were not.
- Preferences for flour with added health claims has expanded.





# Wairarapa Durum Wheat

- Alternative crops (2017-2020) – ban on pea crops.
- Grower group – pilot project (2021 – 2022)
- Consumer studies (qualitative + quantitative)
- Value chain creation
- Commercialisation – toll processing – distribution.







## PASTA, RICE AND NOODLES

	Dollars (000s)	Dollars Growth % YA
<b>Total Pasta, Rice &amp; Noodles</b>	<b>\$271,468</b>	<b>15.8</b>
Noodles*	\$96,282	21.6
Rice*	\$82,538	10.0
Dried Pasta*	\$47,212	15.5
Fresh Pasta*	\$37,147	15.8
Dried Pasta - Gluten Free*	\$8,290	12.6

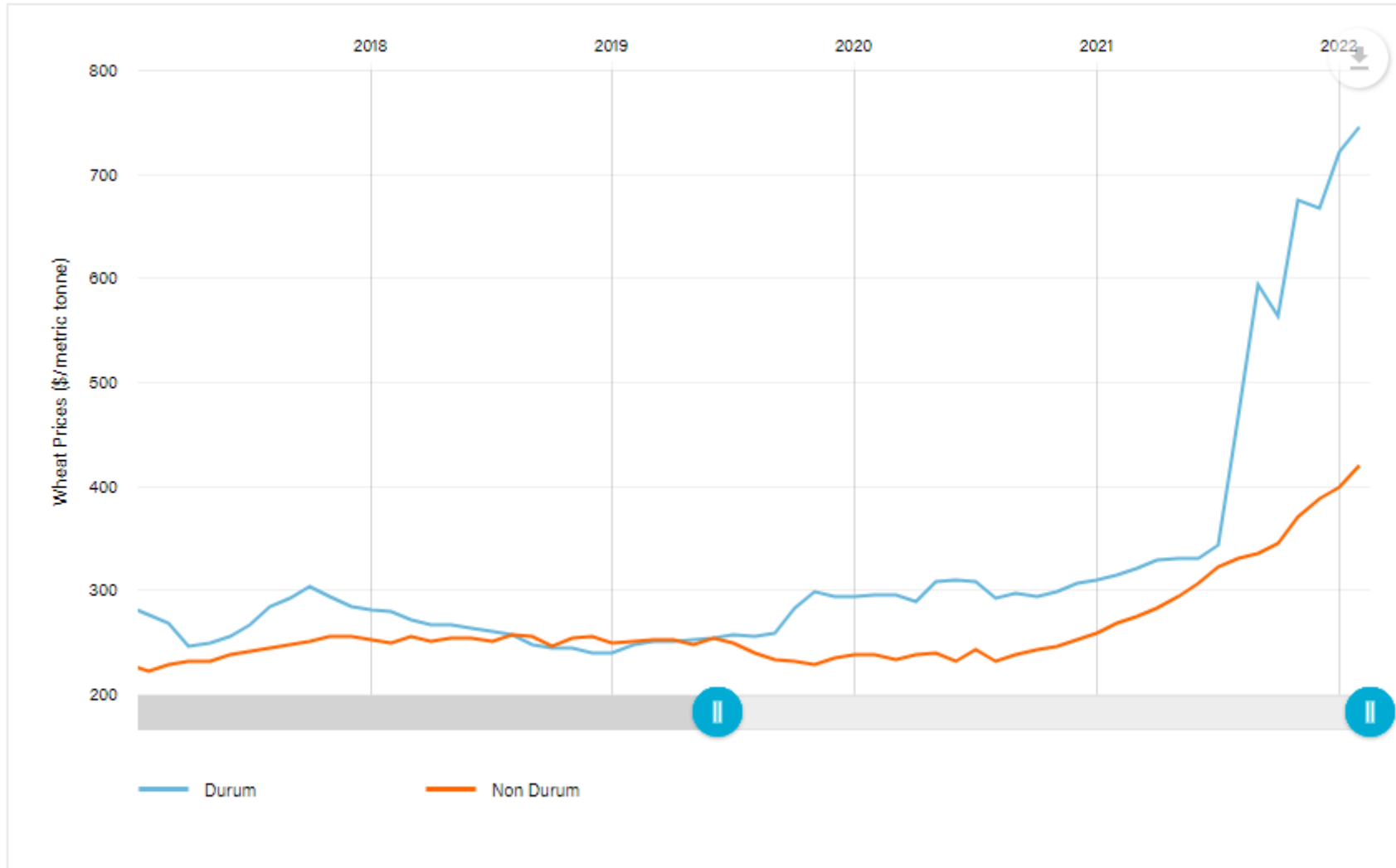
\* denotes value AND unit growth <2%

Source : IRI Market Edge Grocery MAT to 26/06/22 (Selected segments)

# Context

Feb 2017 to Feb 2022

1 year 5 year 10 year All available



Adapted from Statistics Canada, Table 32-10-0077-01 (Farm product prices, crops and livestock). This does not constitute an endorsement by Statistics Canada of this product.



# Pea and Bean Protein

- Global plant-based protein market NZD15.2b in 2020
- Trusted New Zealand extracted pea and fava bean protein could attract a premium on local and global markets
- Report shows three models for pea extraction:
  1. Wholly/Partly government owned.
  2. Grower cooperative or collective.
  3. A hybrid ingredients facility (multiproduct)

**Off-Piste Provisions** is selling pea protein-based jerky snack products.

They are driven by a desire to develop environmentally friendly and healthy food products.

**Sunfed** sells Chicken Free Chicken™, Bull Free Beef™ and Boar Free Bacon™.

Sunfed uses “pulses like yellow peas because they are clean, healthy, non-allergenic.”



# Pea and Bean protein SWOT

Strengths	Weaknesses
<ul style="list-style-type: none"><li>• Can scale up production with environmental benefits</li><li>• Track record of product innovation</li><li>• NZ renowned for safe and reliable food</li><li>• Interest from manufacturers for locally grown protein</li></ul>	<ul style="list-style-type: none"><li>• Price could be a barrier</li><li>• Current labelling laws allow “local and imported”</li><li>• Economies of scale for extraction facility</li></ul>
Opportunities	Threats
<ul style="list-style-type: none"><li>• Market for pea and bean based products is growing</li><li>• Global reach of Brand NZ</li><li>• NZ well positioned for traceability</li><li>• Low carbon footprint of locally grown and extracted (renewable electricity)</li></ul>	<ul style="list-style-type: none"><li>• Cheap overseas product</li><li>• Other plant-based protein products</li><li>• Value of Brand NZ could be questioned.</li><li>• Not enough incentives to grow peas and beans in NZ</li></ul>

# Conclusions

- There are multiple markets to satisfy.
- Arable industry is nimble and diverse.
- A trend in one type of product may not apply to others.
- Post harvest entrepreneurship has huge challenges.
- Market intelligence needs to be done professionally.
- Creating the emotional attachment important.
- Doing the “right thing” doesn’t necessarily attract premiums.
- We can’t all get on the same bus.









# Diverse products for Diverse Markets

Ivan Lawrie, FAR

ADDING VALUE TO THE BUSINESS OF CROPPING

