

The economics and markets of the New Zealand Dairy Industry.



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Where does the dairy go?

Task 1: Create definitions for the following terms: exports, differentiation, markets

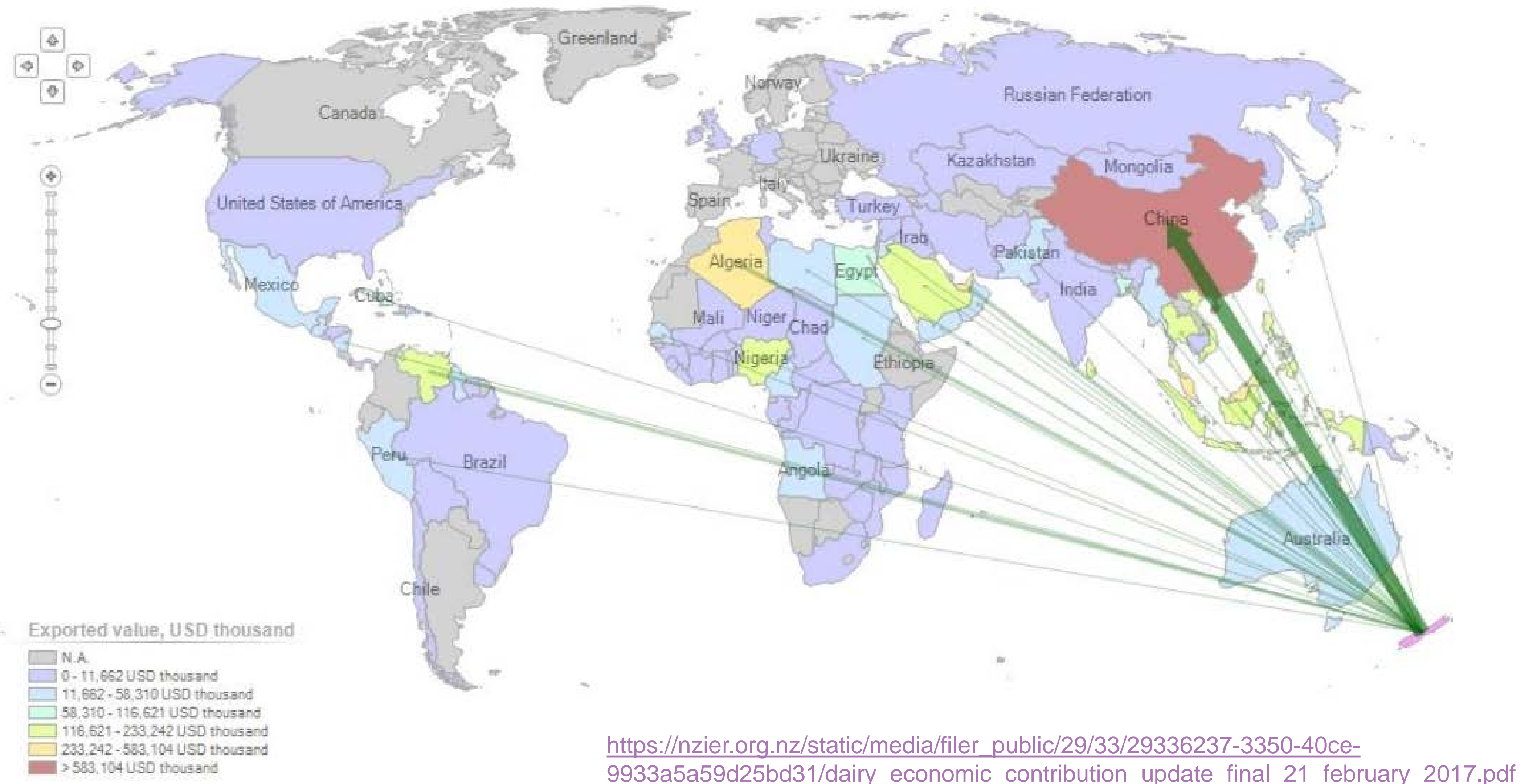
Task 2: Outline the following regions on a map using different colours...

- North America
- Central and South America
- North Asia
- South East Asia
- Oceania
- Middle East
- Africa
- Europe

Task 3: Label and colour in the following countries in that regions colour ...

- India
- Sri Lanka
- Philippines and Malaysia
- Australia
- Saudi Arabia
- Chile
- England
- New Zealand

Exports of Whole Milk Powder and Skim Milk Powder from New Zealand in 2015 in USD



Task: look at the value of milk products sold to each region list the regions from largest volume sold to smallest volume sold.

Economic Factors in Dairy Farming

- Look at the following factors and discuss if they are **beneficial/for** or a **challenge/against** New Zealand dairy production.
- Some factors can be both beneficial and a challenge.

Lack of Experts/ Labour

Commodities market

Location/ Distance

Environment

Environmental
Footprint

Majority of exports to
China

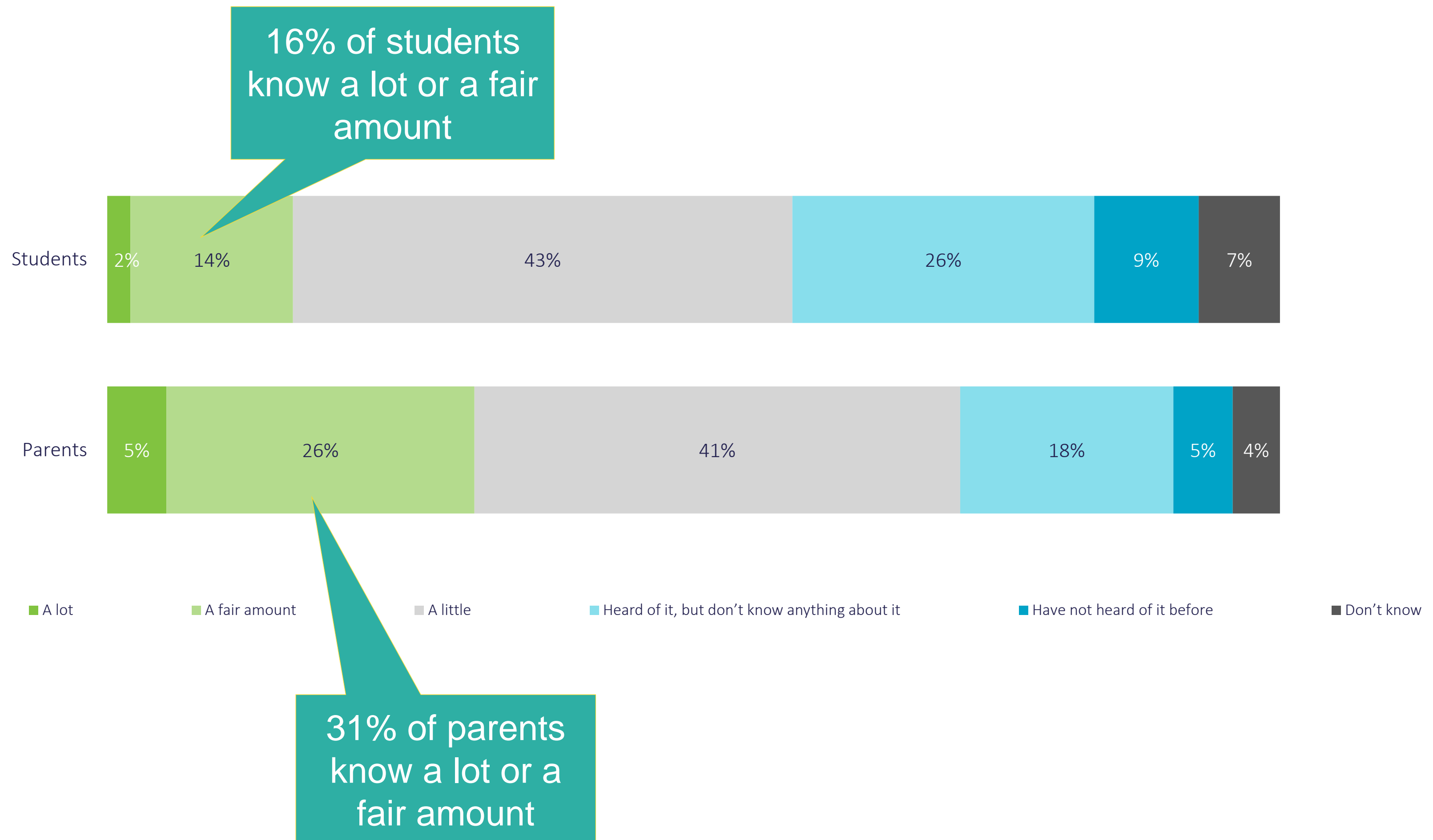
Genetics

Shelf life of milk
powder

Co-ops
(co-operation business model)



Economic Factors in Dairy Farming



Export Markets Characteristics

Fonterra is our largest dairy producer and a significant exporter. They have a number of brands that they export under. You can get a good idea about the export market by understanding how Fonterra is marketing their product. You will watch a series of advertisements from specific countries/markets and summarize the target market.

Your summaries should include the following...

- **Target market** (young children, older children, teenagers, mums, dads, working age adults, older people).
- **What idea/ key point is the ad trying to communicate?**
- **How have they done this?** (images, statistics, language).



https://www.global-rural.org/story_map/deconstructing-the-new-zealand-dairy-boom/

India

- **There are significant trade barriers to exporting milk to India.**

“The cost means Dreamery doesn't use New Zealand milk, but Fonterra contributes by giving its expertise and know-how to create a range of valued-added products which currently includes flavoured milk, yoghurt, cheese, and UHT cow's milk dubbed "toned" milk in India to indicate it is whole milk.

The partnership enables Dreamery to boast "130 years of dairy" on its packaging and call its products "New Zealand designed.”

The joint venture does use New Zealand milk in products under the Anchor Food Professionals brand. The products launched so far are extra whipping cream, butter sheets, extra stretch mozzarella cheese and cream cheese. These high-end products are able to extract margins which make it possible to be exported into India despite tariffs.

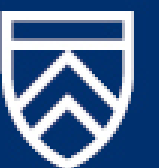
Source Articles

- <https://www.stuff.co.nz/business/farming/113778177/fonterra-launches-product-line-in-joint-venture-with-indian-consumer-giant-future-group>
- <https://www.nzherald.co.nz/business/fonerras-plan-for-a-1b-indian-business/Z2ONI7VMA5XPX7OV5RXKPB7PQI/>

India



Click on video to view in PowerPoint or
the link to view in browser: <https://www.youtube.com/watch?v=J5zEBwwESMo>



Sri Lanka



<https://www.youtube.com/watch?v=HQ9ynKjziEQ> and <https://www.youtube.com/watch?v=SF9lfLIgYOY>



Philippines and Malaysia

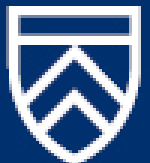


↑
Old marketing approach/ old ad

https://www.youtube.com/watch?v=4xCS_FIH7Ow

←
New marketing approach/ new ad

<https://www.youtube.com/watch?v=xRuEEkhXzUk>



England



<https://www.youtube.com/watch?v=Yuf6QVQkNR4>

Extra video: advert from 1990:

<https://www.youtube.com/watch?v=zAwHoprkVcl>



Saudi Arabia



https://www.youtube.com/watch?v=laHz3_InPFY



<https://www.youtube.com/watch?v=xyRIFJsBvbs>



Chile



<https://www.youtube.com/watch?v=gNw8sEnk7IY>



<https://www.youtube.com/watch?v=DZp6VBk6sPE>



Chile



<https://www.youtube.com/watch?v=TD9DhabOoI0> Most of these Zero Lacto products are not available in New Zealand, however straight milk is.

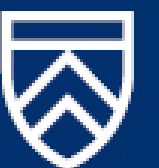


Australia

Brownies Dairy is another Fonterra Brand



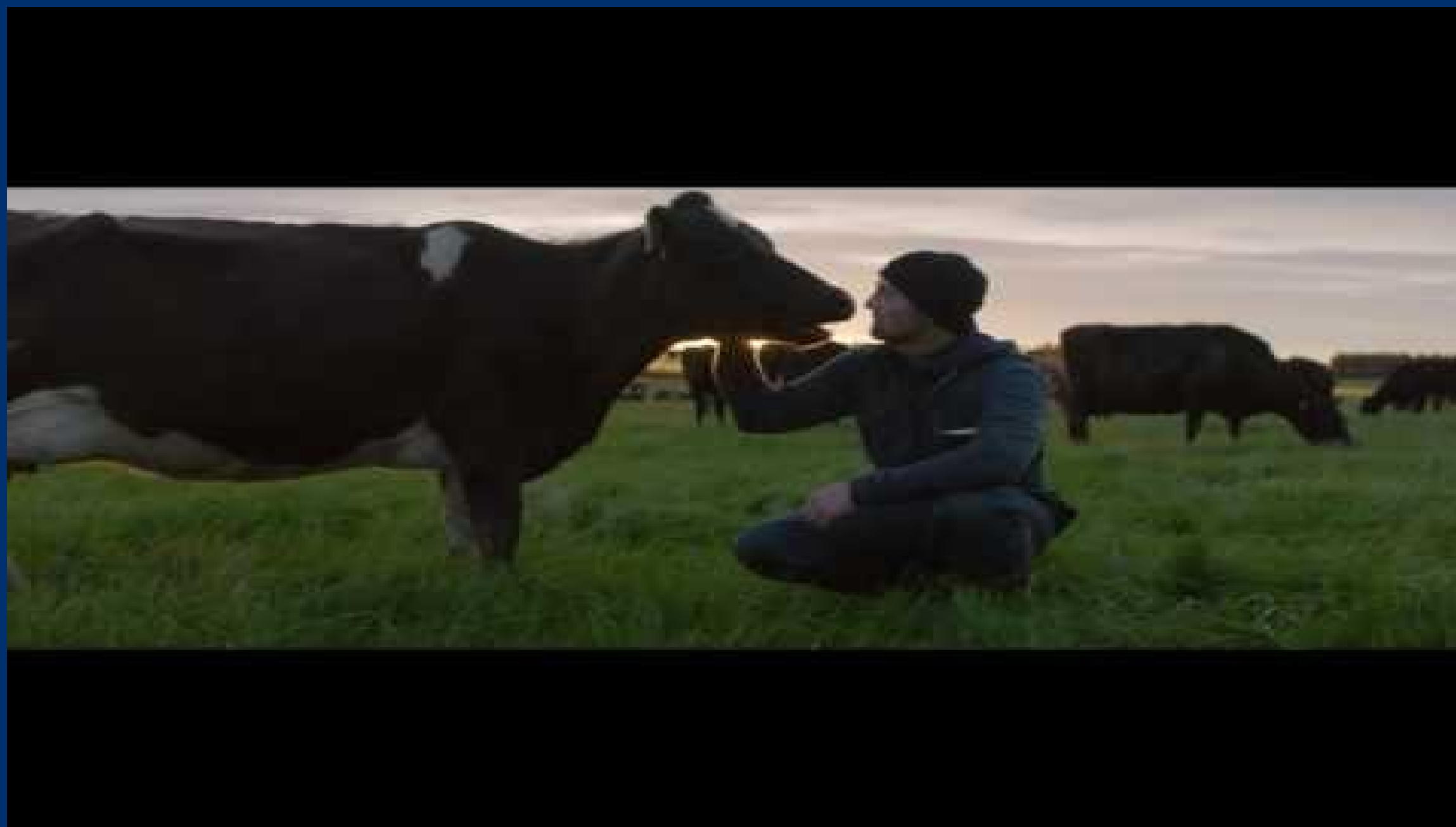
<https://www.youtube.com/watch?v=jUblGDhepLY>



New Zealand



<https://www.youtube.com/watch?v=61CaZryYpQ0>



https://www.youtube.com/watch?v=hXA9d_LSLw



Reflection Questions

Q1: What are some of the similarities that most adverts used to make their milk distinctive (stand out)?

Clean green, pasture based systems implies the milk is healthier and of higher quality. Certification, testing and secure production lines ensure a quality product that has the ingredients stated on the label. A lot of ads featured children and are marketed at mothers as they are still seen as the primary carer.

Q2: What were some of the differences between markets?

English based markets had humorous ads and a greater focus on the cows rather than the environment and food quality which was a focus of Asian markets.

Australia marketed directly to children by using the Wiggles. This could indicate that children may have a larger impact on what goes into the shopping trolley or using value added products as a reward rather than the strong focus on nutrition.

Q3: Fonterra either owns or has a financial stake in each of the companies. Why do you think Fonterra uses different brands?

In a small market it can give the illusion of consumer choice. It also allows price differences to maximise profit. Different brands are targeted at different markets so it allows access to all markets.

**Which adverts do you
remember/ think are best?**



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