

Maximising Export Returns:

An introduction to a three-year MBIE research programme

Caroline Saunders and Paul Dalziel with Peter Tait, Meike Guenther, Sini Miller and John Saunders



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Introduction

Scepticism re value of credence attributes
especially in developing country markets

So the AERU has undertaken surveys of middle
to high income consumers to test this

These have shown that developing countries
actually may find these more important and
willing to pay more for them

Presenting latest results hot off the press today



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The Research Programme



Maximising Export Returns for New Zealand's Biological Industries

Research Update

Issue 1(1), November 2013

Introduction

The AERU at Lincoln University has received funding from the Ministry of Business, Innovation and Employment to undertake a three year research programme to help New Zealand's biological industries maximise their export returns. The specific focus of our research will be on **credence attributes**, which are qualities believed by a consumer to be present in a product even though they are directly observed with purchase. Examples include food safety, animal welfare, environmental protection and cultural authenticity.

Exporters already include credence attributes in their international marketing, often drawing on New Zealand's clean and green profile expressed in campaigns such as New Zealand 100% Pure. The aims of our research are: (1) to understand how consumers in five key export markets (China, India, Indonesia, Singapore and the United Kingdom) understand and value credence attributes associated with New Zealand land-based exports; (2) to estimate the potential value to New Zealand producers of investing in brands that incorporate these credence attributes; and (3) to evaluate modern communication technologies and key messages for delivering this potential value to New Zealand producers and processors.

The AERU Research Team



The Science Leader for the project is **Professor Caroline Saunders**, shown here speaking at the AERU's 50th Anniversary in October 2012. Professor Saunders is Director of the AERU and has published more than 100 refereed publications in her field of international trade and the environment. She is well-known for her contributions to the food miles debate, for which she received the NZIER Economist of the Year Award in 2007. Caroline was made an Officer of the New Zealand Order of Merit in 2009.

The Ministry of Business, Innovation and Employment has funded the AERU to research how New Zealand's biological industries can use their credence attributes to maximise export returns; see www.lincoln.ac.nz/aeru/mer.



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Three Integrated Research Themes

1. Consumer surveys in five countries and choice modelling used to estimate values.
2. International trade modelling to analyse impacts on New Zealand producer returns.
3. Evaluation of existing and emerging technologies that allow producers to communicate with their international customers and consumers.



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Survey - UK, Japan, China, Indonesia and India

- Quota sample minimum of 1000 of middle-upper income consumers who shop regularly and have heard of NZ
- Choice experiment with 1,000 respondents to evaluate consumers WTP for attributes in food and beverages.



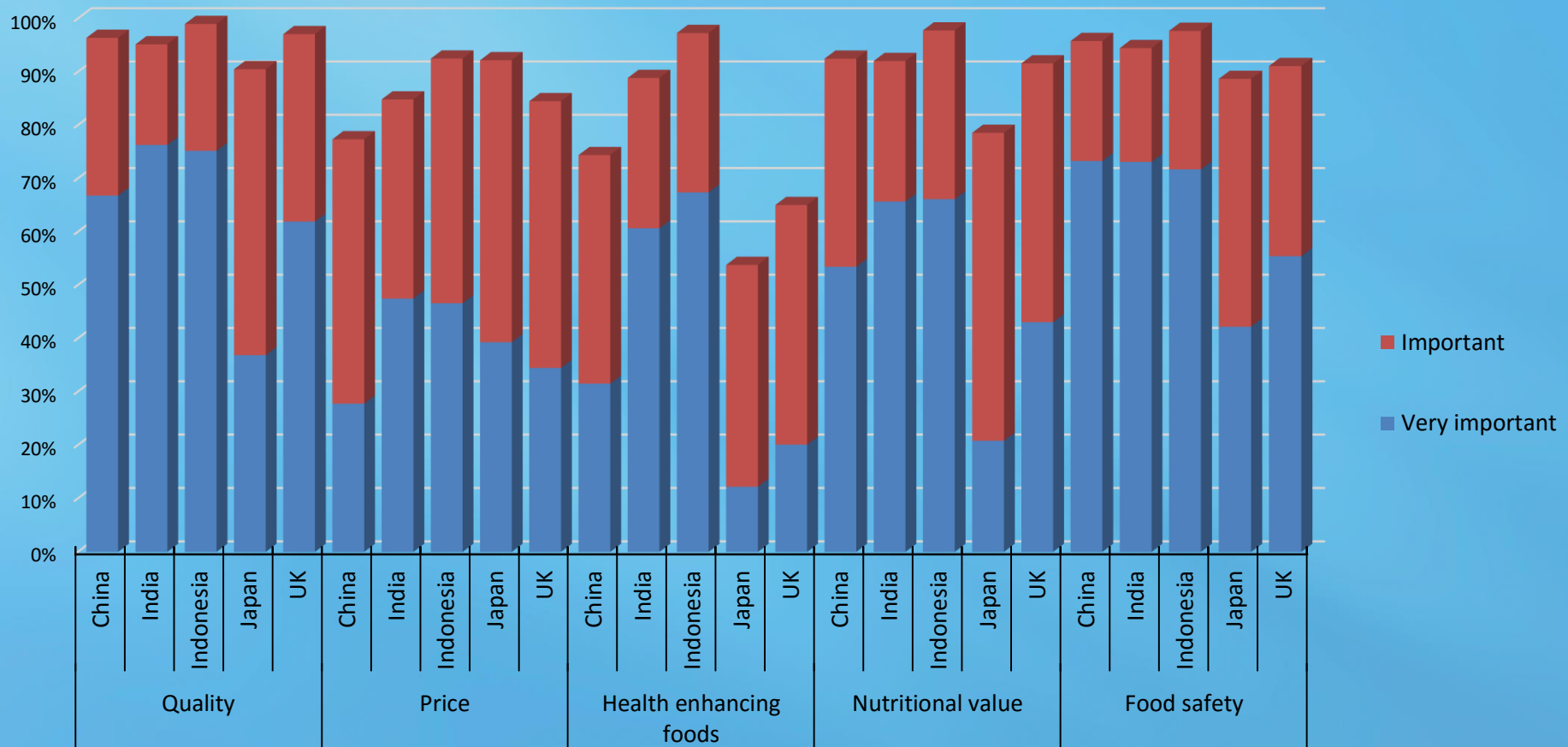
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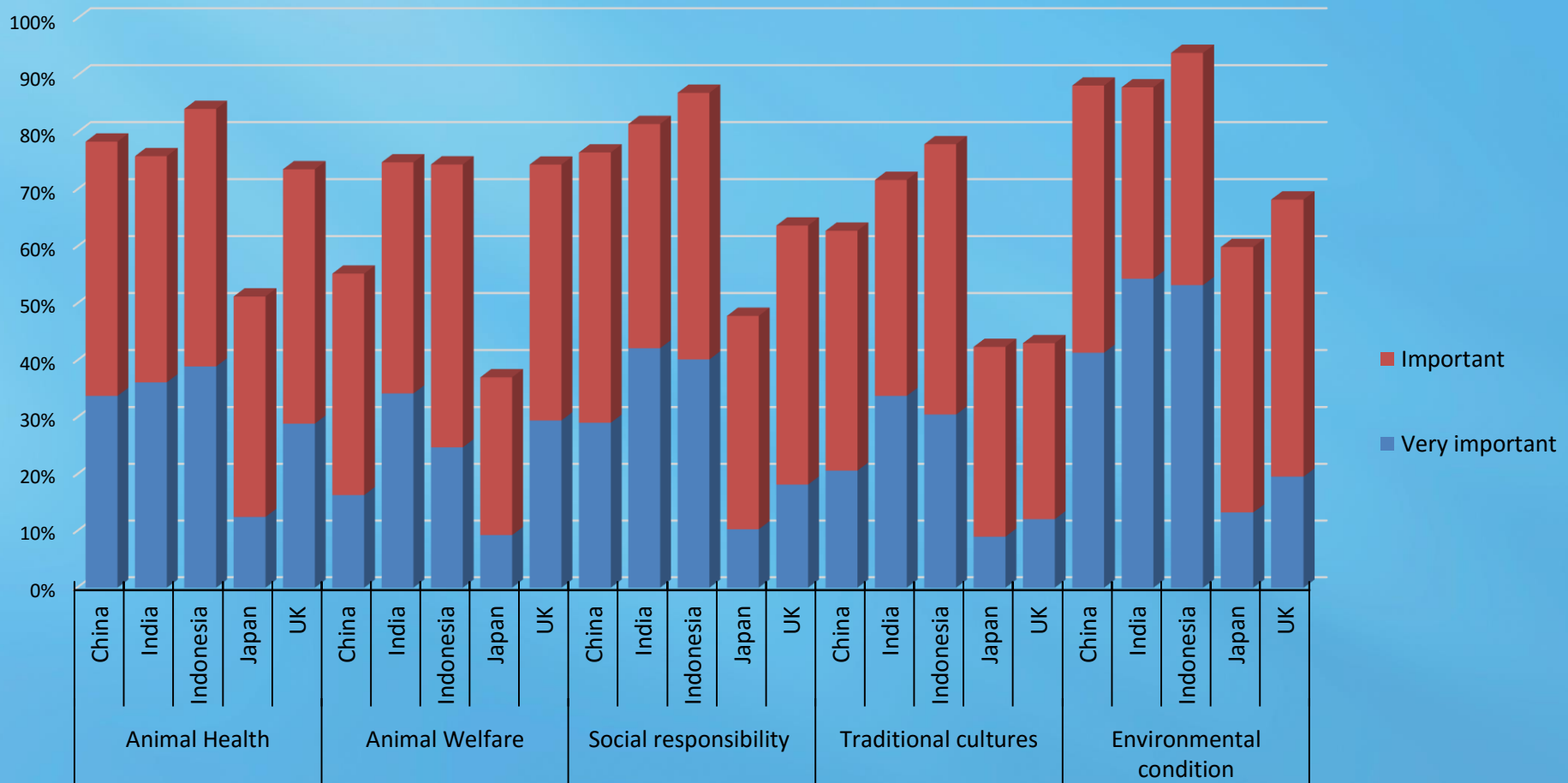


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Importance of attributes when shopping for food and beverages



Importance of attributes when shopping for food and beverages c'ted



Importance of factors associated with Food safety in supply chain

- Freshness, Hygiene, Use by date most important for all countries
- Reduced use of pesticides; traceability; and environmental condition important for all but especially developing countries



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Importance of factors associated with environmental condition in supply chain

- Air and water quality most important
- Japan recycling
- India, Indonesia and China organic production
- Protecting endangered species for the UK
Indonesia
- Wilderness important in China but not the other countries



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Importance of factors associated with animal welfare and health in supply chain

- Free of disease; Good quality of life

But also.....

- China and India natural conditions
- China mainly pasture fed
- Relatively low free range



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Importance of factors associated with health enhancing food

- Differs across countries
- Digestive health one of the most important
- Child and baby health especially in developing countries
- Heart and cholesterol especially in UK and Indonesia
- Low weight management in developing countries and mobility for all



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Importance of factors associated with social responsibility in supply chain

- Workplace safety and good working conditions ranked most important
- Fair wages especially in India and Indonesia and Japan
- Least important is freedom to join union
- Local food ranked relatively low except in Japan



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The importance of factors associated with the role of traditional cultures in the supply chain

- Care for future generations and connection with the natural environment most important
- Equity and fairness was most important for the UK and second for China and third for Indonesia and Japan
- Family business lowest for all countries
- Indigenous rights high in the UK especially when compared to other countries



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Factors most associated with New Zealand

- Clean environment and water most common
- Open spaces
- Lowest for innovative and integrity
- Food safety and quality relatively higher in developing countries



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How do you rank food and beverages from these countries?

| | India | Indonesia | Japan | UK |
|----------------|-------|-----------|-------|-----|
| My own country | 1 | 4 | 1 | 1 |
| Australia | 3 | 5 | 2 | 4 |
| Europe | 4 | 3 | 4 | 2 |
| Japan | 6 | 2 | N/A | 6 |
| Korea | N/A | N/A | 6 | N/A |
| New Zealand | 2 | 1 | 3 | 3 |
| North America | 5 | 6 | 7 | 5 |
| South America | 7 | 7 | 5 | 7 |



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Alternative Media

- Review of the use of media and their impact
- Exploring what media are appropriate and where
- Developing potential media applications



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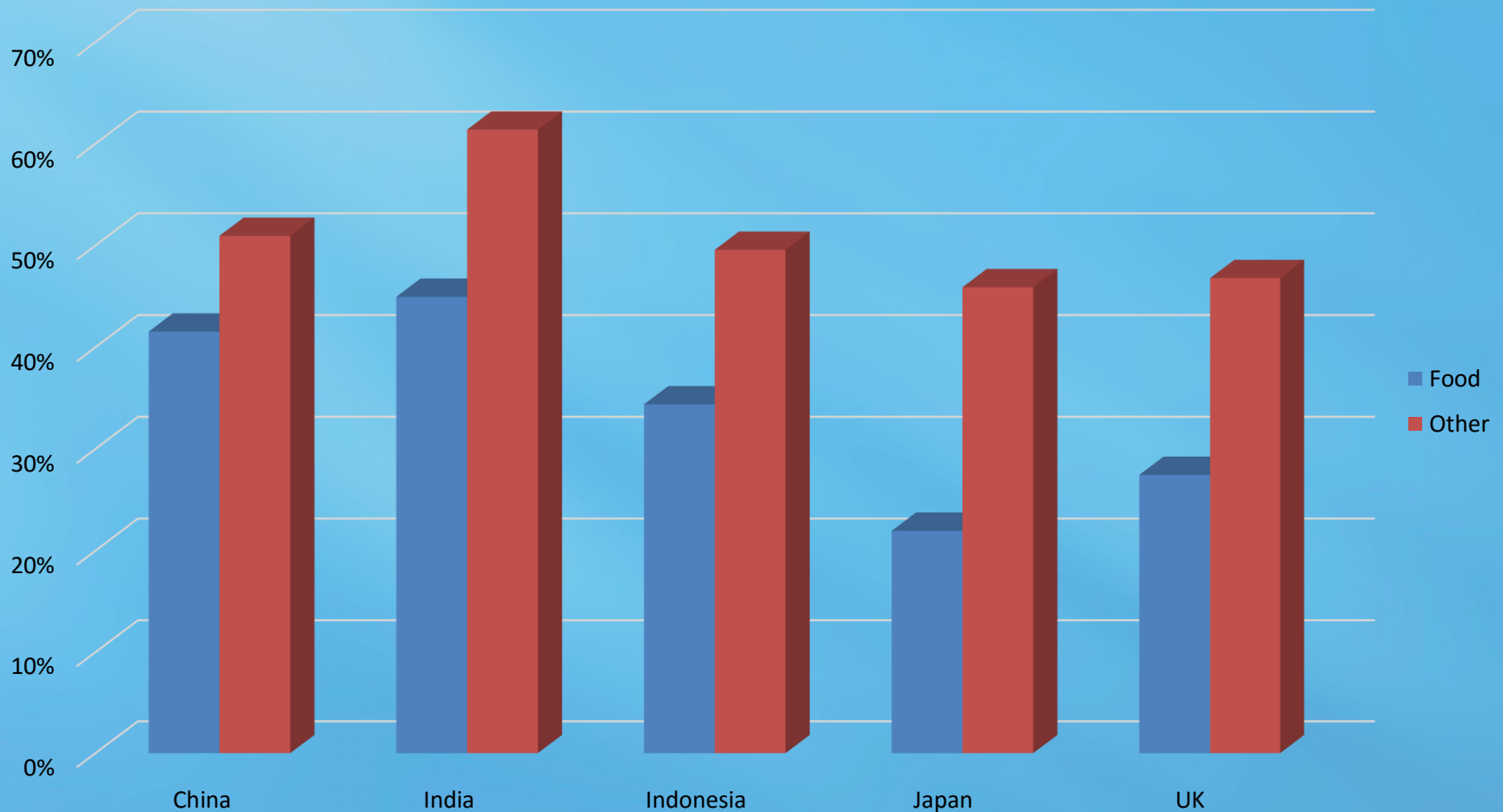
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What percentage of your shopping is done online?



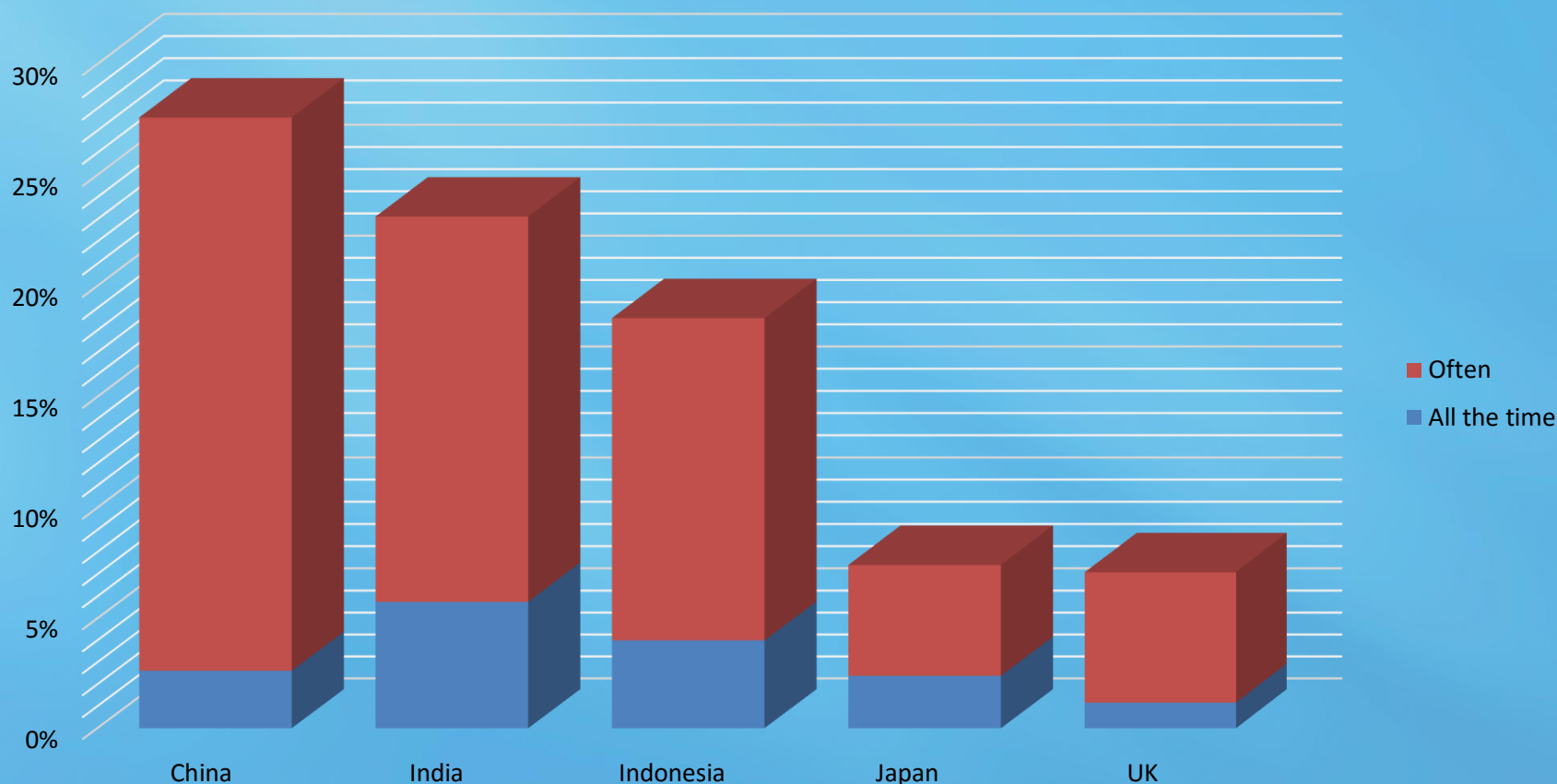
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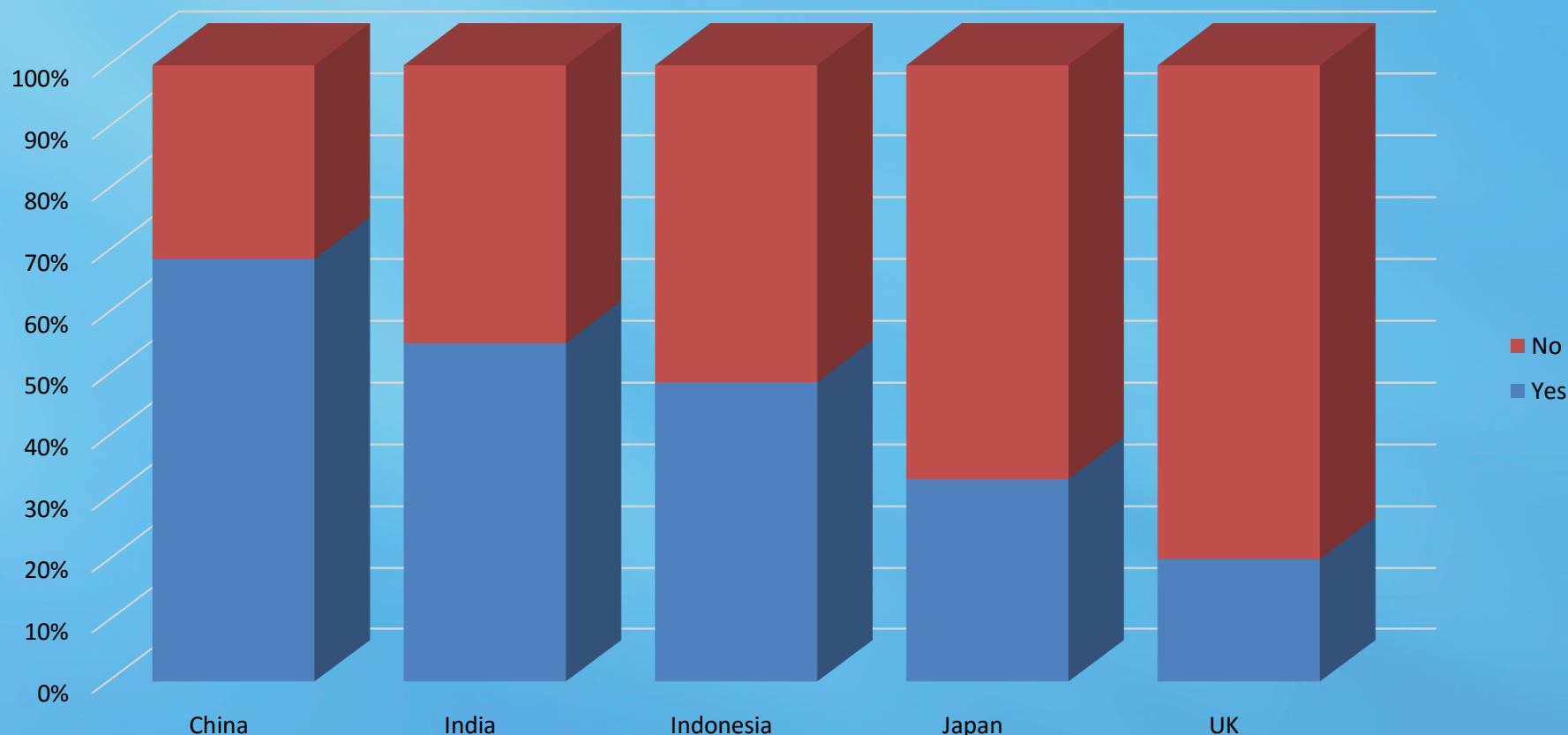


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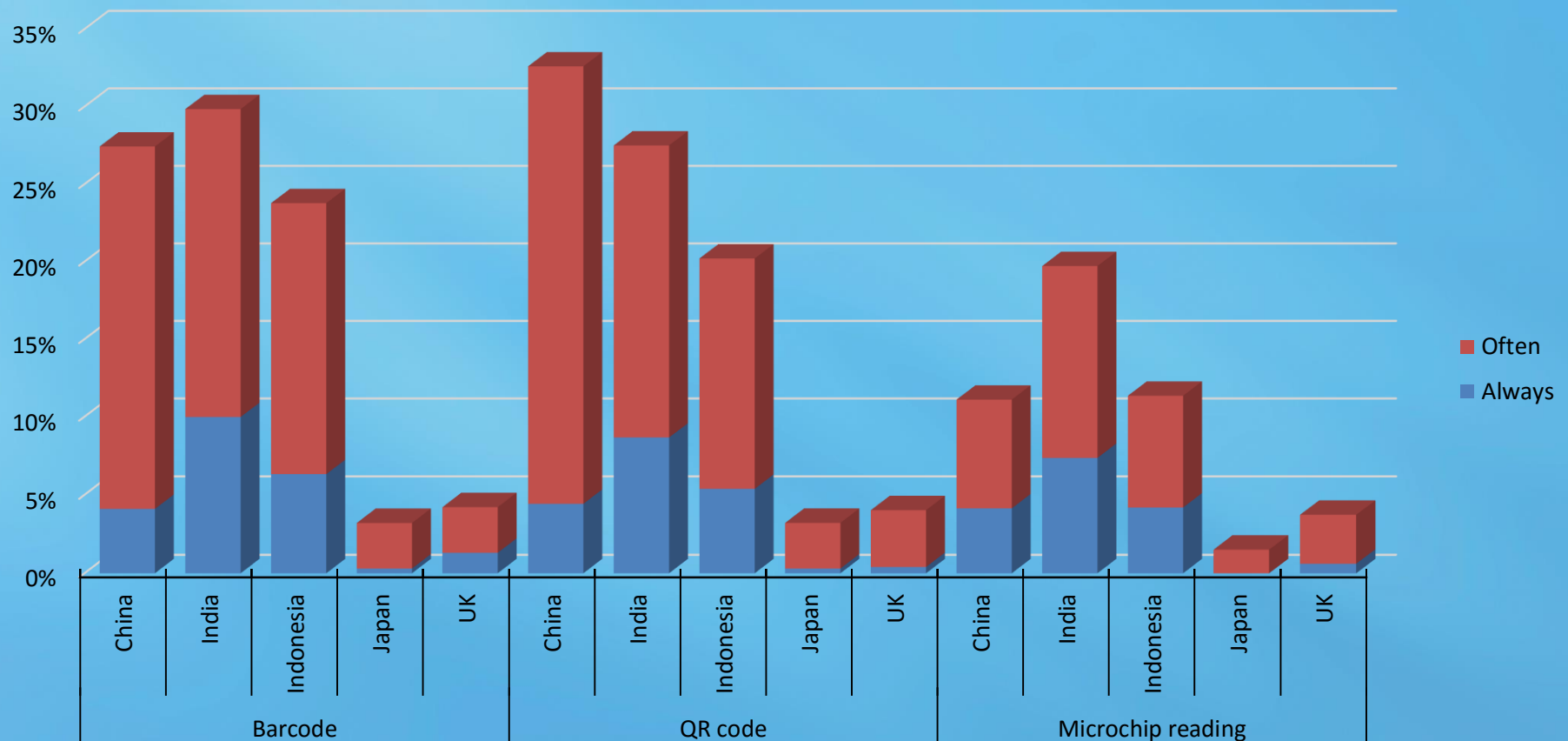
Do you use your mobile device to purchase food and beverages?



Have you ever used your mobile device in conjunction with barcodes and/or QR codes for finding information about food and beverages?



Do you verify a food and beverage product's credentials with any of the following:



Where to from here?

- Ongoing analysis of surveys
- Trade modelling to assess risks and opportunities by markets
- Design of online tool to aid decision making by firms
- Link with value chain analysis



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