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‘Food Culture’ holds key to positioning Silver Fern Farms for success in China

Much has been made of the “opportunities” that China presents New Zealand agribusiness exporters, but Silver Fern Farms’ Chief Executive Keith Cooper says that understanding China’s ‘food culture’ is the key to positioning the company for success in China in the long term.

Mr Cooper and Silver Fern Farms’ Chairman Eoin Garden recently returned from accompanying Minister Groser on the first trade mission to the Shanghai Expo aimed at targeting growth in New Zealand’s future meat and seafood trade with China. “New Zealand’s meat exports to China are growing steadily” says Mr Cooper, “but the question is whether New Zealand exporters are capable of supplying to the scale required by the Chinese market or whether we should be evaluating alternative market development strategies”. By 2025 China will have 15 cities with populations of over 25 million, 22 cities with greater than 10 million people and 23 cities with more than 5 million people. This mass migration from the countryside to the city is increasing the spending capability of Chinese consumers but also reducing the country’s productive capacity, forcing China to look beyond its own borders for alternative sources of food supply.

At a government level China is absolutely focused on the security of its food supply and food safety, and New Zealand is well positioned in this regard. Silver Fern Farms has been successfully exporting red meat to China for the last 13 years at the commodity end of the market, but Mr Cooper says the future opportunity for Silver Fern Farms lies in supplying higher value products into specialty niche segments. “Addressing Chinese consumers’ demands for healthy, natural and safe products is a given. How well we also understand China’s food culture and respond by developing innovative products that fit within this landscape will be even more critical.” says Mr Cooper.

Mr Cooper acknowledges that the range of premium lamb, venison and beef cuts that Silver Fern Farms has developed for the New Zealand market may not necessarily be culturally appropriate for the Chinese market - “The Chinese have some very traditional eating habits that are not generically aligned to New Zealand meat production, particularly when it comes to added-value products”. Mr Cooper’s recent experience in China reinforced the perception that, culturally, Chinese will eat “almost anything” - accordingly the protein content of a meal may be met by pork, fish, beef, lamb or any variety of offal or animal derivatives like turtle, frogs, chicken feet, or shellfish.

For the Chinese consumer, it is the overall taste experience, not the inputs, that is important. The fulfilment factor comes from a combination of the “exclusiveness” of the protein and the added flavours enhanced by the style of cooking. Mr Cooper believes that market insights like this will be critical to Silver Fern Farms successfully executing its market-led “plate to pasture” strategy. Silver Fern Farms is committed to developing

a truly integrated value chain which connects international customers directly with farmer suppliers in New Zealand to ultimately produce products that meet the needs of global consumers.

While much product is still sold in “wet markets” or in hypermarkets in “wet market” form in China, Mr Cooper observed a definite shift taking place towards packed and branded product and believes there is a real opportunity for Silver Fern Farms to diversify its current channels to market. “The Silver Fern Farms brand, 100% Made of New Zealand, promises purity, taste and quality, naturally - values that will resonate strongly in the China market. The focus on China moving forward will be on identifying the right partners in-market to support our international strategy and on engaging our farmer partners in supply programmes to service these new segments”.

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Notes to Editors:

- Silver Fern Farms is New Zealand’s leading procurer, processor and marketer of lamb, mutton, beef, venison and associated products to more than 60 countries
- The company’s vision is to be a fully integrated market focused company investing in consumer products that will differentiate and add value to its farmer partners, customers and people
- Silver Fern Farms is a farmer controlled cooperative representing more than 20,000 farmer shareholders
- The company operates 22 processing facilities throughout the country, employing more than 7,000 staff in the peak of season
- Key markets in North America, the United Kingdom and Europe, Asia and the Middle East are supported through a network of international offices.

