

Boxing clever for customer and consumer relevance



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By 2050, I certainly hope we're a lot richer, incomes have lifted, employment has lifted and New Zealand is taken even more seriously on the world stage. We'll still be a small nation at the bottom of the South Pacific, but we can also punch above our weight with food and fibre on the world stage.

Our primary sector has grown enormously already. It's hard to continually outgrow every other industry in leaps and bounds. In 30 years' time, in a much larger economy, we'll do well to maintain the primary industry's 8.8% share of direct GDP, with an extra 6.5% from processing and marketing plus a bonus 2% GDP from the agritech sector. All this would suggest that the primary sector holds its own, even though the services sector is set to be the driver of future economic growth.

Agritech will be another big string to the bow of the New Zealand economy – both as a vertical in its own right and as a layer adding value across New Zealand agriculture. We want our country trade profile to be “we get a lot of beef from New Zealand, we get a lot of milk, we get a lot of kiwifruit and we get a lot of farming technology”.

Farmers as influencers

The future New Zealand farmer will need to not only produce quality food and fibre but also double up as a vet, a scientist, an economist and a marketer and showcase all of this through a social media presence.

As we see more competition from alternative proteins, the primary sector will need to be more vocal and visible on social media and in consumers' lives. Both here at home and overseas, everyone has a connection to the supermarket but is totally disconnected from where their products actually come from.

When I was in Korea and China last year, businesses using Kiwi products highlighted how strong a message it was to see New Zealand farming operations in real life and, through social media, get a better view of what happens on the ground before a product ever heads overseas.

My worry is that the New Zealand agriculture sector is not taken as seriously as it will need to be on the international stage when it comes to climate expectations. Big producers in Europe have highlighted their concerns that this Kiwi climate credibility gap could keep building over time.

Our primary sector needs a more coherent view on climate. We can't afford a mindset that we don't need to care about climate

because “we're too important to the economy, it's just too expensive or climate change is not a thing”. Give it time – our attitudes and actions will impact where our product eventually goes and how much we get paid for it.

Influence cuts both ways. I would like to see more opportunities for those at the grassroots level in the primary sector to get out and see markets – not just the executives in their suits but also farmers Joe and Joanne Bloggs to understand things a bit more and spread the word at home and host others coming back through to have a closer connection with international markets.

The quiet migration

Past talk of depopulation causing zombie towns in provincial New Zealand was alarmist and unhelpful. There's a different form of quiet quitting going on. For a long time, people were moving from rural to provincial and then from provincial to urban centres. In more recent times, the flow has changed.

Factors such as working from home, housing affordability and lifestyle mean people have been choosing provincial centres a bit more. But they haven't necessarily been choosing rural centres all that much more. There will be a level of hollowing out for some rural communities – not from people moving to the ‘big smoke’ but from people moving to the ‘slightly bigger smoke’.

For example, those who live in Hunterville (pop. 378) may be more likely to move to the bigger town of Feilding (pop. 17,000) rather than Palmerston North City (pop. 90,500). As people get older, they often move closer to health services or to be closer to family. Some regions will also feel the cumulative effects of extreme weather events. Along with land stability issues and coastal erosion, there are a number of areas that will become more challenging to continue farming.

Sitting alongside this, we are likely to see consolidation of processing facilities, whether it's dairy or meat, with fewer but bigger plants aiming to operate 100% of the time for peak efficiency. Obviously, this also means longer supply chains for raw product to get to the plant.

As our arterial transport links continue to improve in various ways, we will see more of these centralised operations in the right places and people effectively commuting a little bit further to them. Everyone already leading busy, expensive lives might prompt a continuation in the slowdown in population growth – by the time you've come home and your partner's come home, there's less time to think about family and kids.



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Catching consumer waves

Over the next 25 years, New Zealand needs to latch on to a range of emerging consumer trends. We can either do this directly by creating products ourselves or indirectly by providing inputs into products that others make overseas.

Convenience is a big trend we’re seeing, particularly in parts of Asia. For example, fruit exporters tell me we export a lot into Japan, and a lot of it is going to be cut up and packaged for your 7-Elevens and other convenience stores. We need to be all over the many new forms that convenience will morph into.

There’s also big demand for protein, particularly among older populations. New Zealand needs to ask what’s the silver fox version of infant formula? Rather than ‘old age formula’, let’s call it ‘fortified drinks’. In an ageing world, there will be potential galore. There are already many options in the shops for ageing Japanese who want to repair and recover faster if something happens.

A third area is nutraceuticals – not so much fully pharmaceutical or even traditional Chinese or Korean medicine. It’s more a consumer thinking, “Here’s a product that has some good stuff in it. It’s not quite a medicine grade, but I’ll buy it because it makes me feel good about looking after myself.”

On my last trip to China, a New Zealand producer partnered up for a seasonal push on flavoured cheese. They had tomato-flavoured cheese for the top of ramen and a crayfish-flavoured cheese. Instead of 10 cheese slices in a packet, there were only three so it was premium. It was a great example of where we are showing up more strongly internationally to understand and adapt to various consumer trends.

It’s often been hard to buy strongly into the “add value everywhere, all the time, all at once” mantra. Let’s be blunt. It has been challenging. But there’s the potential to do a halfway house with niche opportunities. Let’s call it interim value. New Zealand produces some of the inputs that are then sent overseas for manufacturing into the final product. It means New Zealand needs more offshore manufacturing or stronger ties with producers overseas to convert the endless opportunity.