

Measuring what counts – revenue and reputation

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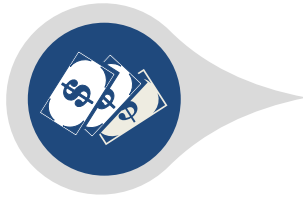
Caroline Saunders and Meike Guenther (Lincoln University)

25 September 2017

Host Institution



Overview of two projects



Valuing export revenue of high-value nutrition foods



New Zealand's reputation overseas as a producer of foods with scientifically validated health claims

Methodology: export value



Selected relevant
Harmonised
System (HS) codes
based on literature.

Used Statistics NZ
data for values of
exports in chosen
HS codes.



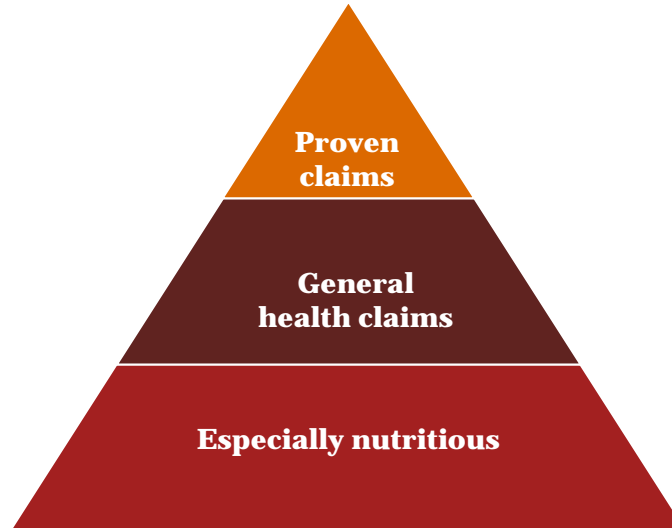
Interviewed food
and beverage
producers in New
Zealand to validate
choice of export
codes and
understand what
HVN research is
happening



Conducted market
research in Asia to
confirm New
Zealand export
presence

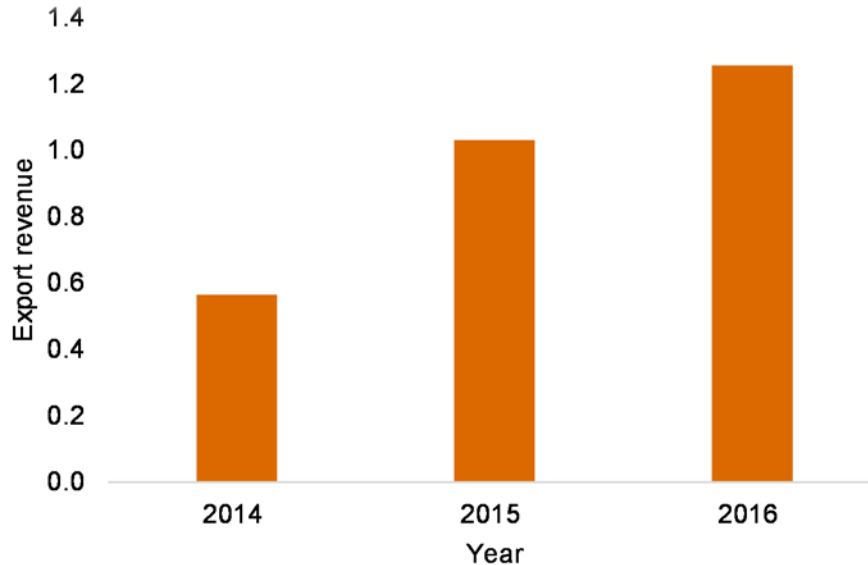
Three tiers of high-value food

We broke high-value foods into three categories according to the level of health benefits and claims they provide



Revenue: Proven claims

Export revenue for proven claims for 2014-2016 (NZ\$ billions)



Kiwifruit is still the only New Zealand export in the proven claims category.

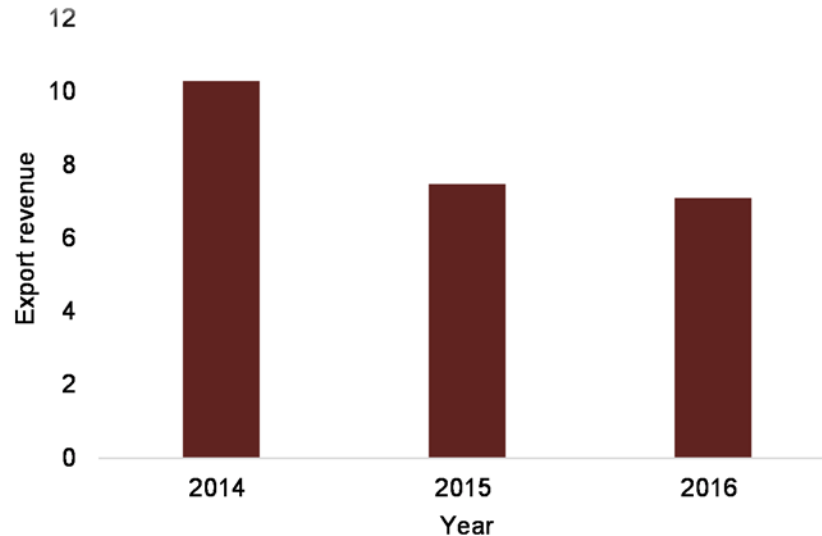
Despite this, proven claims export revenue is rising.

Revenue: General health claims

Milk powders are 85% of the revenue for this category. The drop in revenue is mainly due to falling dairy prices.

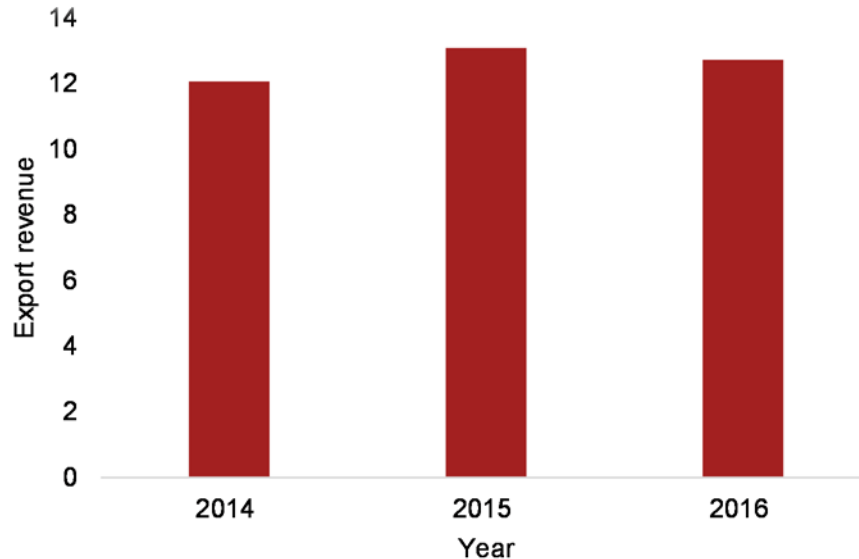
*Export revenue from general health claims was **\$7.1 billion** in 2016*

Export revenue for general health claims for 2014-2016
(NZ\$ billions)



Revenue: Especially nutritious foods

Export revenue for especially nutritious category for 2014-2016
(NZ\$ billions)



60%

This category makes up 60% of all high-value export revenue.



Changes in export revenue are driven by meat products.

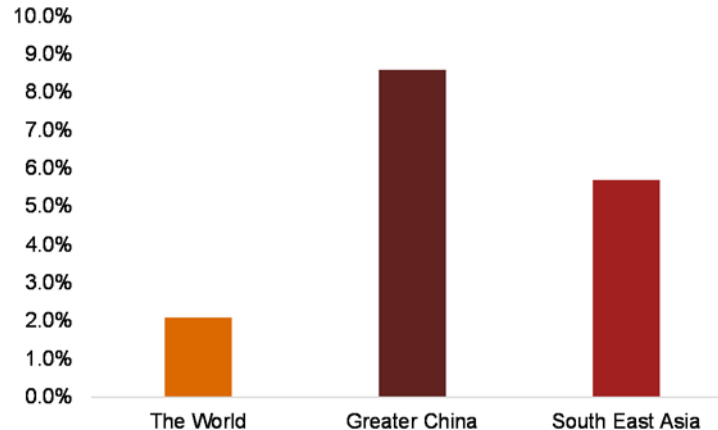
Insights into the export market

The functional food market in China is large and **growing rapidly**

Dietary trends and increased wealth are leading to **higher consumption of meat**

Demand for New Zealand products is based on both **trust and health**

Annual growth in health foods, 2011 to 2016



Over 90% of the consumers in Asia are willing to pay a premium for foods with health benefits.

- AC Nielsen report

Industry interviews: good progress



Anagenix and Plant and Food Research

Introducing a new boysenberry-based liquid supplement to China

This product:

- makes claim about natural support for lung function
- targets markets with air pollution



NZ Avocado and MPI

Researching the composition of avocados to determine nutritional differences.

Initial results show New Zealand avocados have higher levels of **folate** than those from other countries.

New Zealand's international reputation for high-value foods backed by science – Overview of Study

- This project is to provide a benchmark of New Zealand's international reputation as a food producer of high quality food with scientifically validated health benefits and how this reputation can be enhanced in the future.
- Market research and key informant interviews were used to set this benchmark.

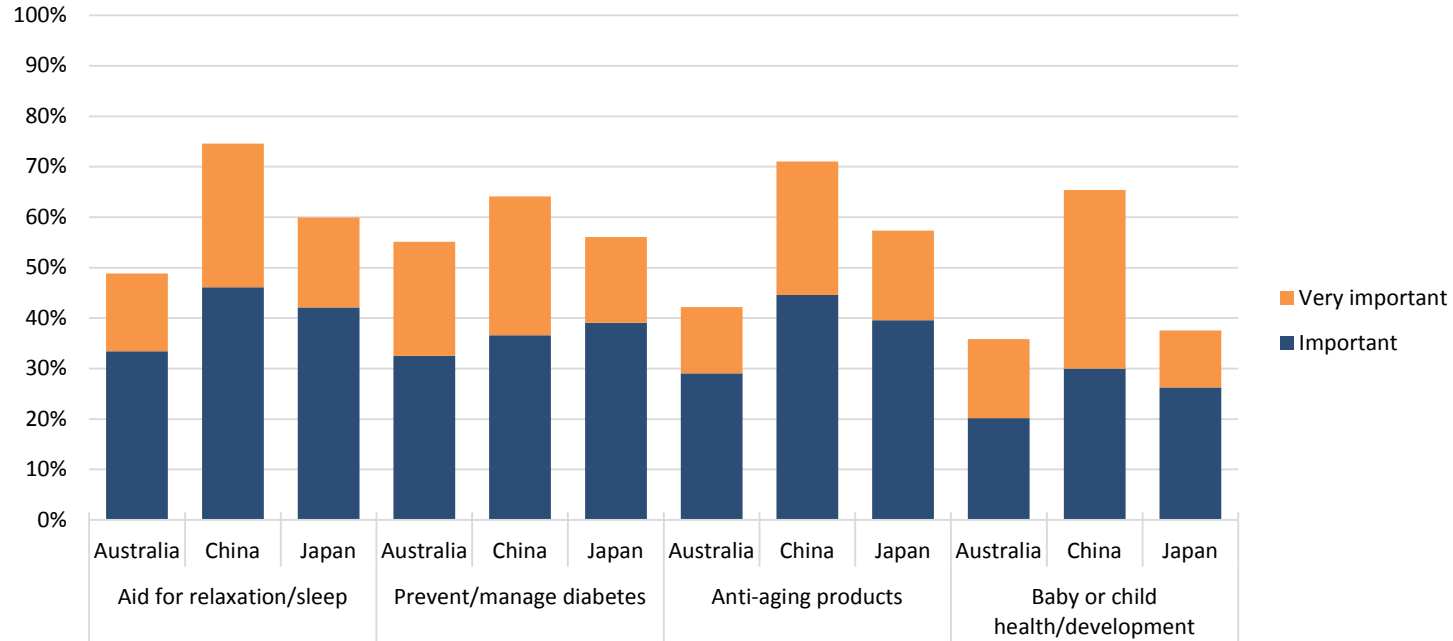
Methodology

- Online consumer survey of 400 consumers in each of Australia, Japan and China (November 2016).
- Online expert survey with structured and open-ended questions (February 2017).

Structure of the Consumer Surveys

- Queries about consumers' attitudes and preferences towards a number of health and wellbeing claims in food.
- Assessment of product purchases and claims for the four specific health and wellbeing claims used in HVN
- Importance of scientific testing of health and wellbeing claims and the importance of different types of authentication schemes.
- Consumer' association and trust of selected countries for foods with enhancing health or wellbeing.

Importance of attributes in food



Top 5 attributes by country

	Australia	China	Japan
1	Heart health and/or cholesterol lowering (68%)	Immunity (83%)	Immunity (72%)
2	Bone and/or joint health (67%)	Bone and/or joint health (79%)	Eye care (69%)
3	Memory or brain function (67%)	Reduced risk of cancer (76%)	Improved physical activity and/or strength (69%)
4	Weight management (67%)	Heart health and/or cholesterol lowering (76%)	Weight management (67%)
5	Energy and endurance (64%)	Memory or brain function (75%)	Bone and/or joint health (67%)

(1) Percentage shows responses for 'very important' and 'important'.

(2) A sub sample of participants with children showed that the attribute 'baby or child health/development in food' was slightly higher than the importance of that attribute in the total sample. For China, 70% selected 'very important' and 'important'; for Australia and Japan 41% selected 'very important' and 'important', respectively.

To what extent do you associate the following countries with foods for enhancing health and/or wellbeing?

	Australia	China	Japan
Japan	58%	78%	86%
Switzerland	68%	85%	67%
Australia	77%	86%	56%
New Zealand	67%	88%	62%
Germany	61%	88%	66%
Netherlands	57%	86%	56%
USA	43%	84%	46%
China	18%	65%	6%
India	19%	35%	17%

To what extent would you trust a food product's specific claims for health and/or wellbeing benefits if the scientific testing took place in the following countries?

	Australia	China	Japan
Switzerland	75%	88%	70%
Australia	80%	88%	63%
Germany	70%	91%	69%
Japan	62%	79%	85%
New Zealand	76%	87%	62%
Netherlands	70%	86%	61%
USA	56%	86%	54%
China	20%	66%	7%
India	17%	35%	18%

Top 5 purchased food products for **preventing/controlling obesity, diabetes and/or heart disease**

	Australia	China	Japan
1	Broccoli (62%)	Apples (65%)	Yoghurt (65%)
2	Nuts (58%)	Yoghurt (62%)	Apples (44%)
3	Apples (58%)	Kiwifruit (61%)	Broccoli (42%)
4	Avocados (57%)	Nuts (56%)	Yoghurt/Probiotic drink (42%)
5	Other vegetables (57%)	Broccoli (55%)	Liquid milk (38%)

Note: Percentage shows respondents selecting 'yes' in this question.

Top 5 purchased foods for aiding and **improving immunity**

	Australia	China	Japan
1	Berries (47%)	Kiwifruit (55%)	Yoghurt (69%)
2	Broccoli (47%)	Yoghurt (51%)	Yoghurt/Probiotic drink (46%)
3	Other vegetables (46%)	Beef (50%)	Cheese (37%)
4	Apples (42%)	Liquid milk (48%)	Liquid milk (37%)
5	Avocados (41%)	Honey (48%)	Broccoli (33%)

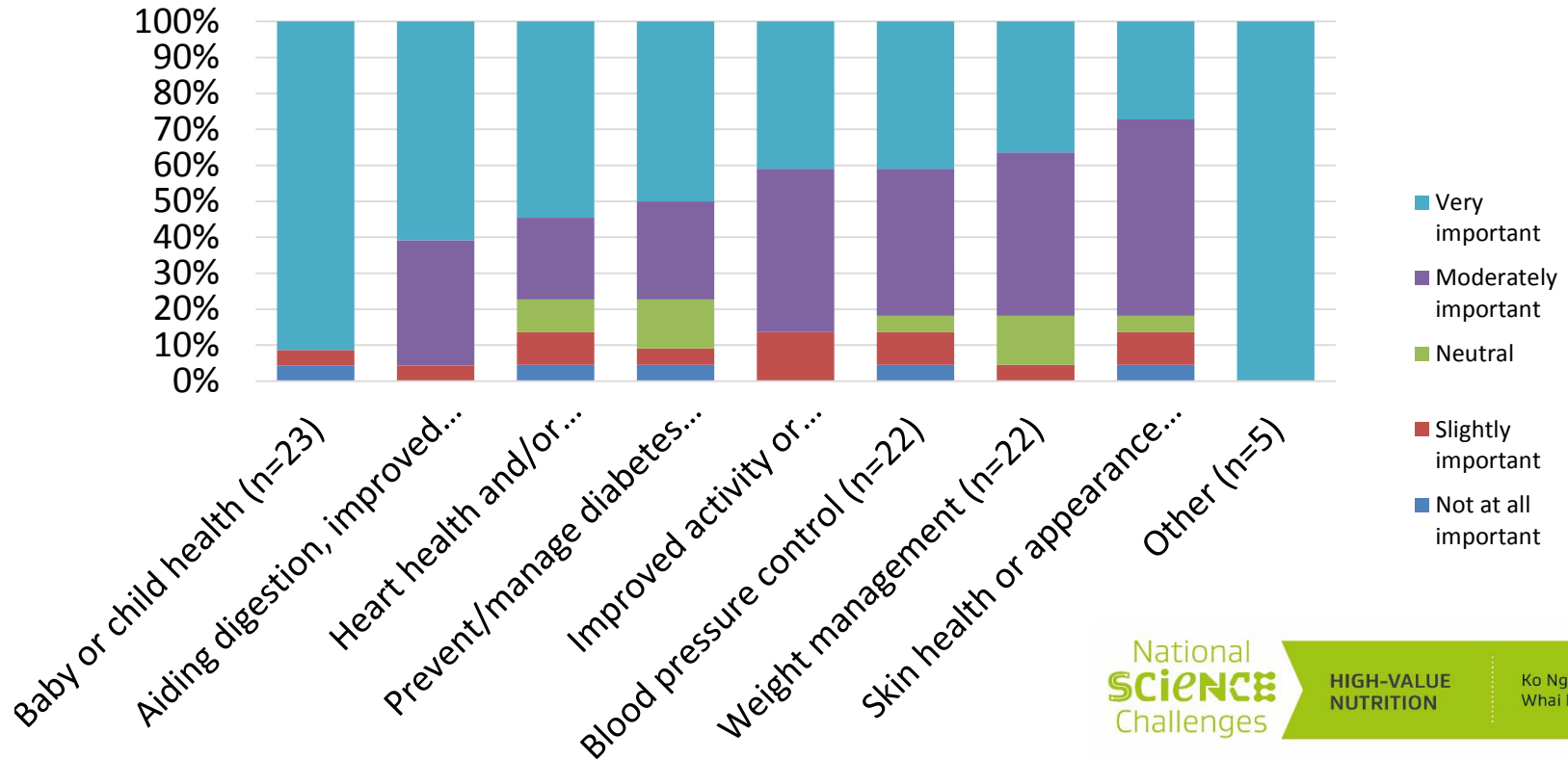
Note: Percentage shows respondents selecting 'yes' in this question.

Top 5 purchased food products for baby and **child** health/development

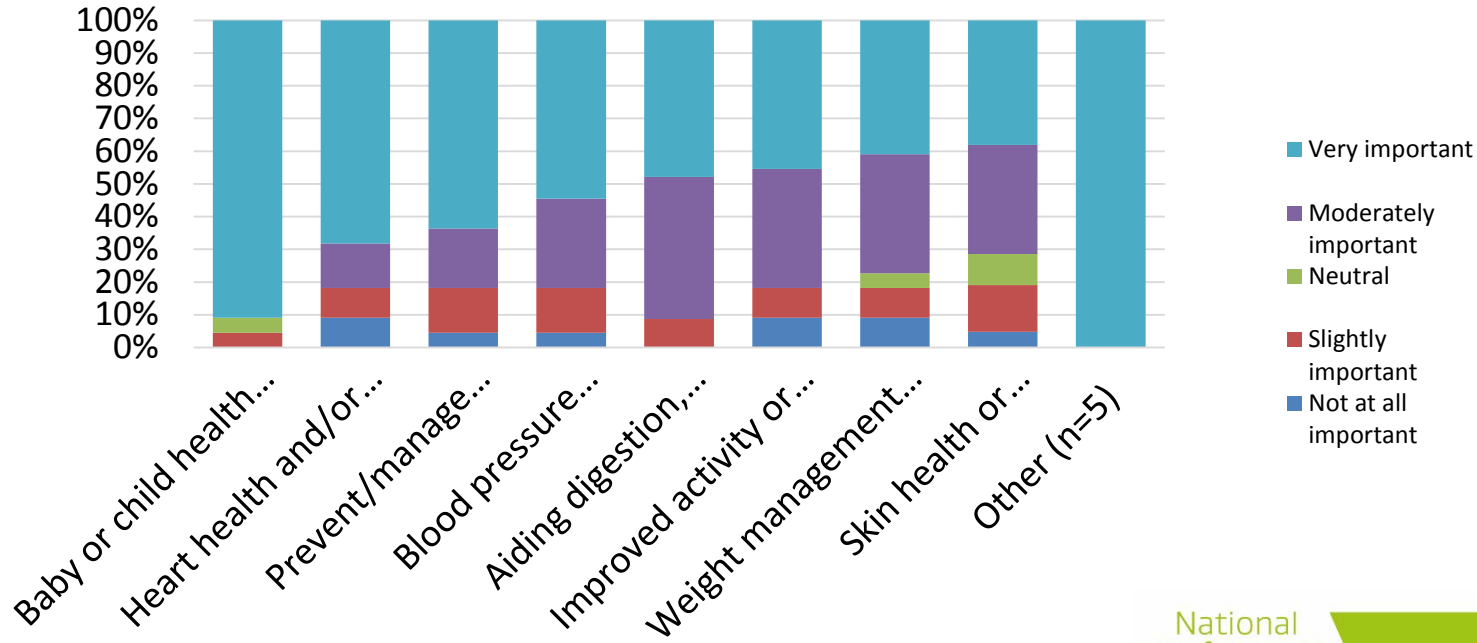
	Australia	China	Japan
1	Infant formula (39%)	Infant formula (70%)	Infant formula (41%)
2	Toddler milk (35%)	Toddler milk (55%)	Liquid milk (40%)
3	Baby cereals (34%)	Baby cereals (48%)	Yoghurt (40%)
4	Yoghurt (32%)	Weaning/baby food (38%)	Weaning/baby food (31%)
5	Liquid milk (30%)	Yoghurt (35%)	Baby cereals (26%)

Note: Percentage shows respondents selecting 'yes' in this question.

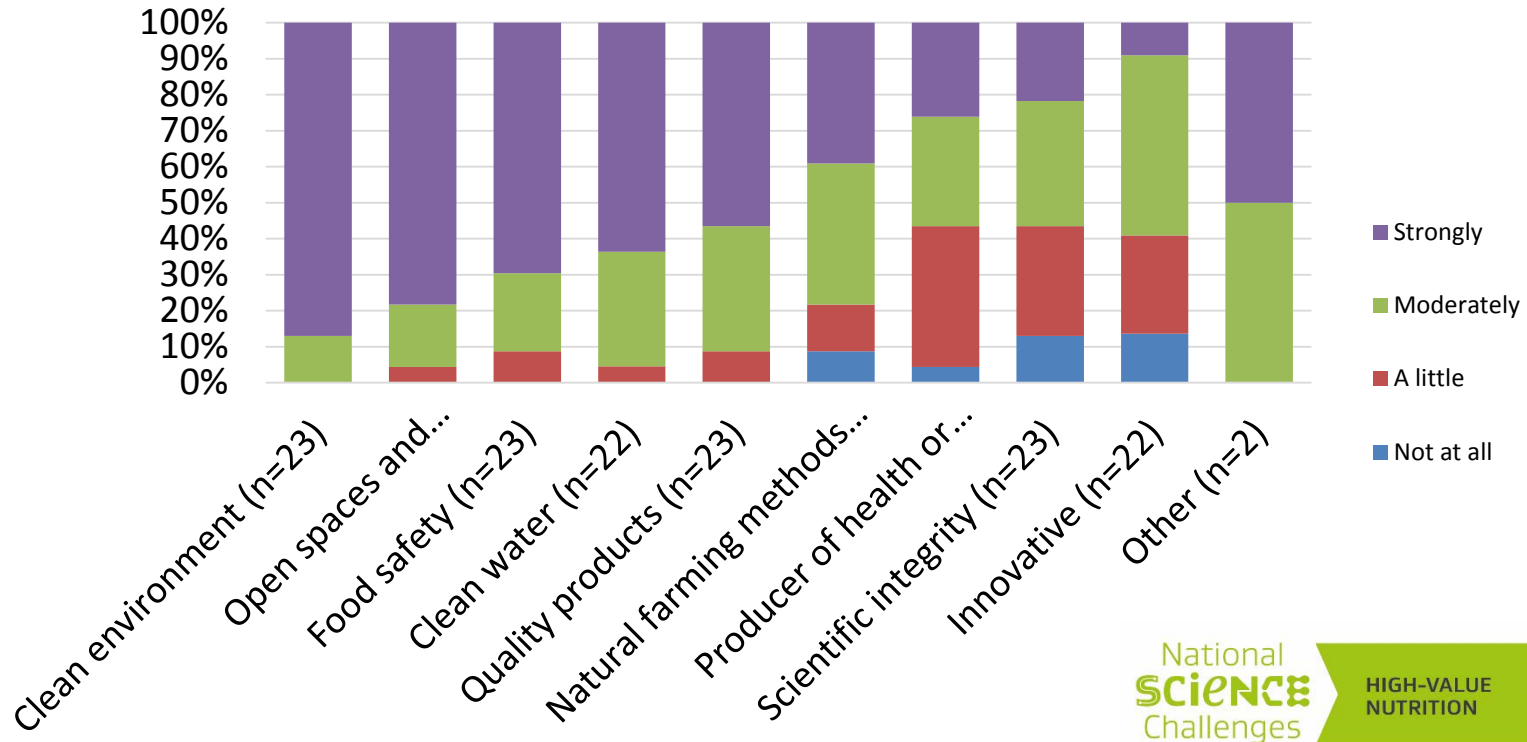
Expert survey results: Importance of health and wellbeing claims



Expert survey results: How important is scientific evidence in providing your customers or consumers with confidence to pay a premium for health or wellbeing claims in their purchases of food and beverages?



Expert survey results: How much do you think consumers associate the following factors with New Zealand



Conclusion

- Consumers generally think a health claim in food has been scientifically validated.
- Consumers rated Japan, Switzerland and Australia as the top three countries associated with foods for health and wellbeing. Chinese consumers rated NZ strongly for this.
- New Zealand's reputation rests on “open spaces” and “a clean environment” not scientific integrity and innovation.
- **Key takeaways:** NZ needs to do better to stress the scientific integrity behind high-value foods.
- This study creates a baseline, for comparison in future surveys in 2019, 2022 and 2025.

Thank you!

Link to full report - *insert link here* -