

MARKETING AGRICULTURAL PRODUCTS WITH REFERENCE TO IMPROVED CULTIVARS

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INTRODUCTION

We are all familiar with the much quoted 'the rolling stone gathers no moss'. In the context of an agricultural marketing appraisal in the Cultivars field I am bound to interpolate that in this field the rolling stone does not want to gather moss but certainly needs to gather momentum. In being privileged however being given the opinions and in some cases recommendations of many colleagues in both commerce and in government, it becomes abundantly clear early in the scene that there are some commercial, political and marketing roadblocks to the gaining of momentum in the marketing of Cultivars. Whether they be public, private or whatever, and particularly so when one looks as one must of necessity do at the international scene.

In summary it will be, I hope, clearly seen that my opinion (based on facts given me) indicates that the "Industry" is not really doing a very good job; and there is a real need for understanding and action.

Traversing the broad spectrum of opinion that exists in this somewhat controversial field we have on the one hand the attitude, whilst laudible in its philosophy, the responsibility of the public Cultivar breeder to produce seed and or plant material at the cheapest possible price for the man on the land, in this country (bearing in mind their total agronomic responsibility), through to the view at the other extreme of the spectrum which says that we should follow as closely as possible the proven successful formula that the Dutch have promulgated, that is: close co-operation between public and private breeders with an understanding if not a formula for domestic and international marketing.

ATTITUDES

Referring now to the first opinion, that it is the responsibility of government breeders to produce the best and cheapest for the man on the land. It is just this sort of thinking in my opinion which is holding back this industry in maximising the market potential of the situation created by the "new breeders' rights" whether they be in agricultural or horticultural plant material. The short and indeed the long term benefits to New Zealand as a whole will only come from tapping the huge international market as distinct from the relatively small at home market. Certainly one must readily concede that a formula for international marketing will need be agreed upon between both parties but on the economy of scale and the number of countries in which we can market whether it be rye grass, a cereal crop or horticultural cultivars, they will very readily and acceptably eclipse the New Zealand market. The short and long term net effects of course are the maximization of market entry and market penetration in as many countries as

possible which means that the return in terms of overseas funds or whatever criteria one wishes to use, will benefit the man on the land and New Zealanders as a whole. This I believe to be the first attitudinal change essential in the marketing of cultivars generally.

POLICY

It will be argued that in many parts of the world we are already doing this and in my experience in agricultural marketing in New Zealand and in seventy odd other countries of the world, I would agree but we are only scraping the surface of what is a potentially highly profitable field of technology/commerce. From my observations in many many cases New Zealand is "selling the sizzle not the sausage". By that I mean - in many instances we are supplying the technology in which this country abounds. The best example that comes to mind is in the Argentine/Paraguay and Uruguay, where New Zealand skills in the form of agriculturalists have been used to establish New Zealand style ryegrass, white clover, pastures, stocked with corriedale sheep. But in this area as in many other parts of the world we do not enjoy the continuity of input, sales of seed and/or other agricultural commodities.

Indeed we have not it would appear updated our ryegrass and clover varieties of ten years ago in terms of International Marketing. The European Market in terms of New Zealand market share is declining regardless of increase in dollar volume. We must also in passing make mention of 'trade with aid', where in many cases we appear to have been inactive.

In the reading that I have done in preparation for this paper and the masses of useful information so freely given by so many people it becomes abundantly clear that where as we should be a market leader we are being beaten in the international scene by such agriculturally unsuitable opponents as Holland, Denmark and Japan or understandably by the USA. In the former case a very understanding agreement exists between public and private breeders to allow them to maximise activity on the international markets.

Surprisingly the UK who are not slow in funding research into plant breeding do not appear to be at all active on the international scene. Conversely, however we know that with the vast wealth and range of climatical conditions on the US continent much of our own present hybrid maize, soya bean or other seed comes from the USA and it would seem from my first hand observation and again from information referred to me that the commercial activity is fairly evenly divided between well funded private breeding and the well known international organizations such

as DeKalb, Northrup King, are but two of the market leaders. It is surprising indeed for me a layman in this particular field, to find that the UK is so poorly represented in the international markets.

In my student days the common phrase "English grasses" was part of our nomenclature. Whilst we still know these grasses by their English "common names" most of the breeding stock is produced in other parts of the world, admittedly New Zealand included. It would seem to me from where I stand, being as objective as possible, that apart from the formula already mentioned there needs to be a great degree of understanding, some fairly accurate short term and long term market planning, and more particularly some international and domestic 'public relations' and on the domestic scene some 'human relations' or better degree of understanding between the peoples involved in what could become an intensely competitive and disruptive market. Bearing in mind that overshadowing all of this in my opinion is the considerable financial gain to New Zealand as a whole once a marketing plan has been conceived and indeed executed. There again one must refer to the distinct attitudinal change required by those involved in commerce as well as those involved in the government agencies. There is no question or doubt as to the degree of technical expertise present in the ranks of our government people, and one should not in any way denigrate against the technical inputs of private companies who have over recent years ploughed back profits and capital into somewhat parallel although somewhat smaller facilities. It cannot be said however no matter how generous one might be, that the public breeders have the marketing approach or attitude which will bring about our upgraded activity within New Zealand and to the required extent, internationally.

Whereas I make no apology to my commercial

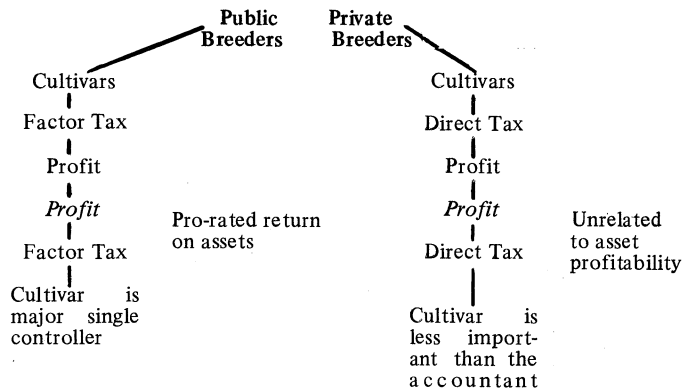
colleagues that their attitude should change I am more acutely aware of the fact the changes in attitude and approach by my colleagues in government is even more important. I have already mentioned the levels at which we must operate in terms of profit to New Zealand as distinct from the price to the New Zealand man on the land. New Zealand can operate most profitably with strong entry to many of the countries which it is in now on a minor scale, and many other countries where there is development, aid, UN assistance and straightout marketing expertise. Many trade opportunities await us. Looking at the whole thing in straight business management terms Table 1 shows what I believe to be the difference between the public and private cultivar breeders in tabulated form.

COMMODITY VERSUS PRODUCT MARKETING

"Breeder's rights" or shall we say "Patents" in this sense are or can be a "monopoly license" but correctly applied in the commercial sense they create incentive.

I find it confusing that at the present time seeds bred by our official stations in New Zealand are publicly owned and are sold as the same variety to a relatively wide range of commercial channels. This means that New Zealand seed exporters are competing with exactly the same product on the basis of it being only a *commodity* and price becomes the criteria for its sale rather than the quality from proprietary differences. This means of course that sharing and/or licencing a company, a given cultivar and the agreed price may be part of the international formula. It doesn't need thirty years of agricultural experience to know that there will be problems in reaching agreement in this particular area. However we must have a collective sense of national obligation

TABLE 1:



Total agronomic considerations by the private breeder must be commercially related before any dollars are committed or work commenced. Taxation and other considerations manifest themselves.

and a low degree of sensitivity if we are to achieve this essential point which I identified earlier as one of the several road blocks in this marketing path.

The picture becomes further confusing at least to my mind, when I find that royalties are being paid on the seeds being sold in New Zealand and at the same time our own government plant breeding effort is competing in some instances with these. Because of the competitive nature of the seed industry, commercial companies in New Zealand prefer to sell their own cultivars under these licencing arrangements rather than the non-proprietary releases of finished and "approved" cultivars from New Zealand government sources. This seems unfortunate in the extreme, and again unless some formula is arrived at the marketing effort is further confused and diluted. It seems also that at the present time the larger New Zealand seed companies are importing technology again through 'licencing arrangements' with Northern Hemisphere private seed industry principals, where appropriate new agricultural seed cultivars are appearing on the New Zealand market under these licencing arrangements. A reversal of this (as it would appear unfortunate market situation) would seem to me to be an essentiality and again one of the many road blocks facing the overall acceptance of a marketing plan if not indeed part of the marketing mix.

It seems also fair to comment that at the present time the New Zealand farmer has a very restricted freedom of choice of new agricultural seed releases because of the necessarily quite small number of new varieties that it is feasible to release from the DSIR stations. This in itself is restricting competition domestically and reducing the opportunity for the New Zealand farmer to increase his production by fine tuning the cultivar characteristics that he individually requires on his farm. This will perceptively become more acute with our diversification into cropping and cropping of a different style and type than has been hitherto common in this country. Not forgetting that under breeders rights we are talking not just of seed but also of the horticultural arena in which tissue culture and other forms of propagation are going to be just as important. It is significant and I believe important to note at this stage that many of the multi-national chemical and pharmaceutical companies have involvement in the seed industry which they obviously see as a major growth area. A growth area which in terms of market in which New Zealand could be as well placed as any nation to capitalize and expand.

CONCLUSIONS

It would be most presumptuous of me to make more statements as to what the industry should or should not do or conversely what the DSIR and/or other government agencies should or should not do, but when in the context of marketing changes required I believe it pertinent to comment on the following. It is easy to point up the problems but in this instance it is just as easy to identify some areas of success and excitement.

It has been said by a well known authority in the seed business in the USA that the seed business is a marketeer's delight. The reason for this statement is simple. The industry literally abounds with true

product innovation, not simply cosmetic model changes or the tortured attempts to come up with the hundredth variation on the basic chocolate cake mix, but stunning changes in products. Consider our once undreamed of hybrid varieties for example. New ones now make their appearance every year. Products are disease and insect resistant, exotic vegetables, salt tolerant grasses, new geraniums from seed, tetraploids, hybrid sunflowers, short straw barleys that do not lodge when fertilizer is poured on, and fescues that look good on roadsides with little or no fertilizer, have all been developed. When we review this statement as New Zealanders, we must question and question very seriously the manner in which we take full advantage of the marketing opportunities that exist for a country such as ours. It can also be truly said that if seed marketing is a delight to contemplate is also a dilemma to execute.

The fact that geography limits markets for specific varieties is bad enough but even worse when a single product may be planted for one purpose during the spring in one part of the country or in one part of the world, and for another purpose in the winter somewhere else. Good planning however, located as we are, geographically to the Northern Hemisphere and indeed parts of the Southern Hemisphere offer us a broad spectrum market in which to ply our technological and marketing skills. If I may be permitted a personal opinion, it would seem in part at any rate, that we are letting petty animosities or in some cases commercial rivalry stand in the way of what overall must be to our collective long term advantage. There is no denying there are problems, but the marketing problems with the correct planning can adequately handle present technology and increasing technology and resultant output that New Zealand is capable of. The problems in general were well described by Machiavelli when he said, and I quote: "There is nothing more difficult to carry out nor more doubtful of success, nor more dangerous to handle, than to initiate a new order of things, for the reformer has enemies; all who profit by the old order. And only luke warm defenders; in all those who would profit by the new order. This 'luke warmness' arises partly from fear of adverseries who have the law in their favour, and partly from the incredulity of mankind: who do not truly believe in anything new until they have had experience of it."

We, if I can refer that to the 'we' as the industry, are now involved in the need to initiate a new order of things and to technology, marketing, and management. Risks are great but so are the rewards, for success or failure, would in most cases determine whether our companies or indeed our country will survive in the top half dozen commercial nations in the field in which we are and should be most aggressively competing. That our commercial efforts in the broader sense be combined with not too much attention to the 'price sensitive' as distinct from the 'profit yielding' international versus domestic scene. With New Zealand's fine all round agricultural reputation any cultivars produced under whatever formula the international market must enjoy an "upmarket" position and all the consequent benefits of growth.

Let the rolling stone gather full marketing momentum — not moss. This will only be achieved in

my interpretation of the spectrum of opinions, for which I am most grateful, with some understanding both give and take in whatever section of the industry you happen to be involved.