Environmental practices and market requirements – New Zealand Food&Beverage

COMPARATIVE SECTOR SURVEY

Landcare Research
Manaaki Whenua

September 2012

SURVEY OF NZ FOOD&BEVERAGE (F&B) SECTOR

Scope of the survey

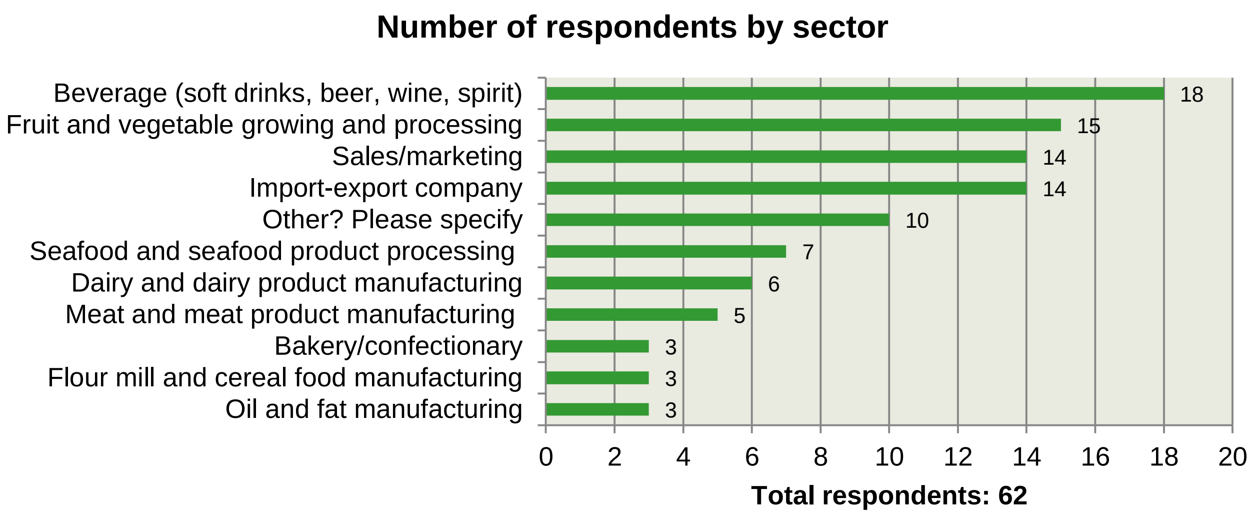
- Goals of the survey:
  - Explore current environmental/sustainability practices of the F&B sector and issues of concern for the sector
  - Assess changes since initial F&B 2007 survey
  - Understand the awareness about and use by the F&B sector of Market Intelligence reports produced by MFAT and NZTE in response to the 2007 survey findings
- Data collection: March through to June 2012
- About 280 F&B organisations contacted (NZTE database & more)
- 62 responses – app. 22% response rate
- 42% are repeat respondents (2012 and 2007)
- The survey: 29 content questions + profiling questions

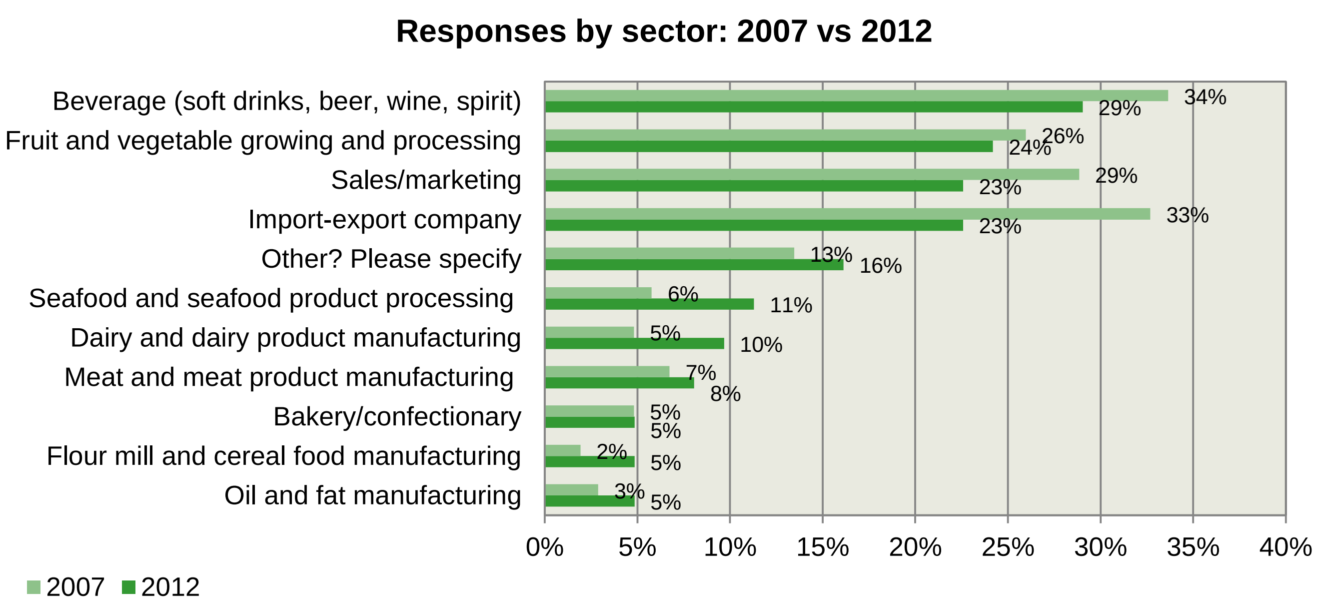
Distribution of respondents by staff number and revenue

	< 0.5 mil	0.5–1 mil	1–2 mil	2–3 mil	3–4 mil	4–5 mil	5–10 mil	>10 mil	%
1–5	5	1	1	1			2	1	18
6–9			1		1	1	1	2	10
10–19				3	2	5	1	1	19
20–49					2		7	9	32
50–99				1			1	3	8
100–499						1		5	10
> 500								2	3
%	8	2	3	8	8	12	20	38	

- A balanced representation of NZ F&B, with greater numbers of medium size companies (10 staff+) responding compared to 2007
- 58% of respondent have a revenue of over NZ$5 million/year, up from 49% in 2007

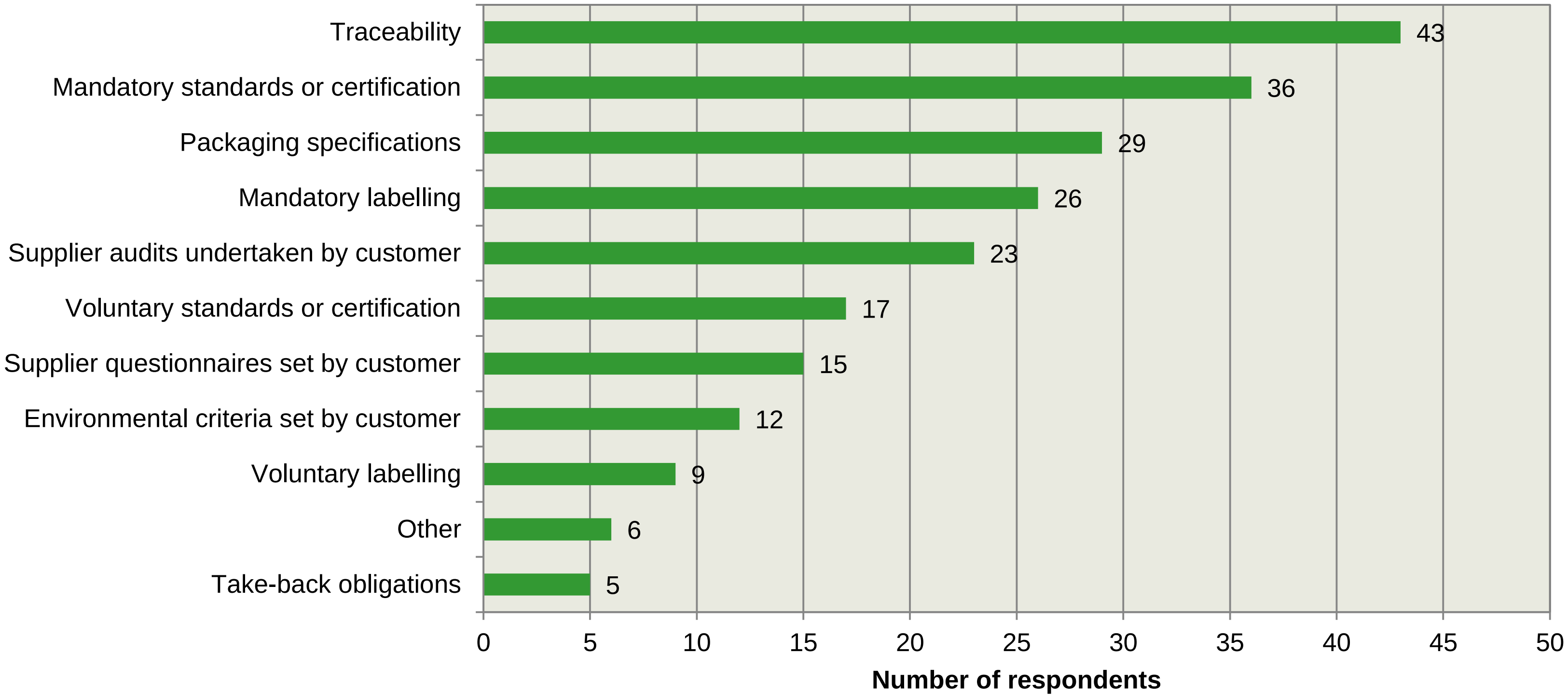
Respondents by sector





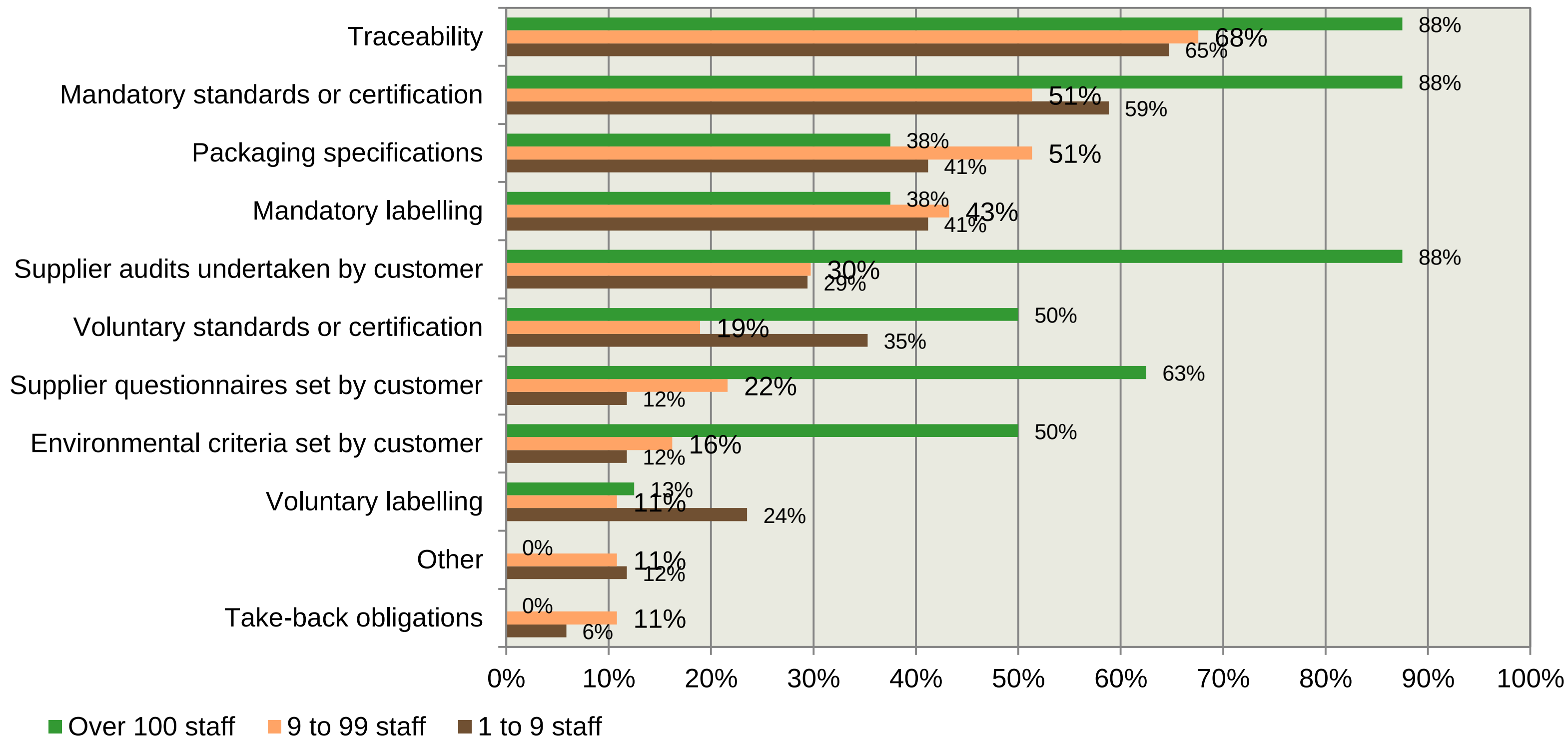
Shift towards more balanced representation of ‘productive/production’ companies compared with 2007 when there were more sales/marketing and import-export companies responding; improved representation of dairy and seafood companies.

Export market requirements



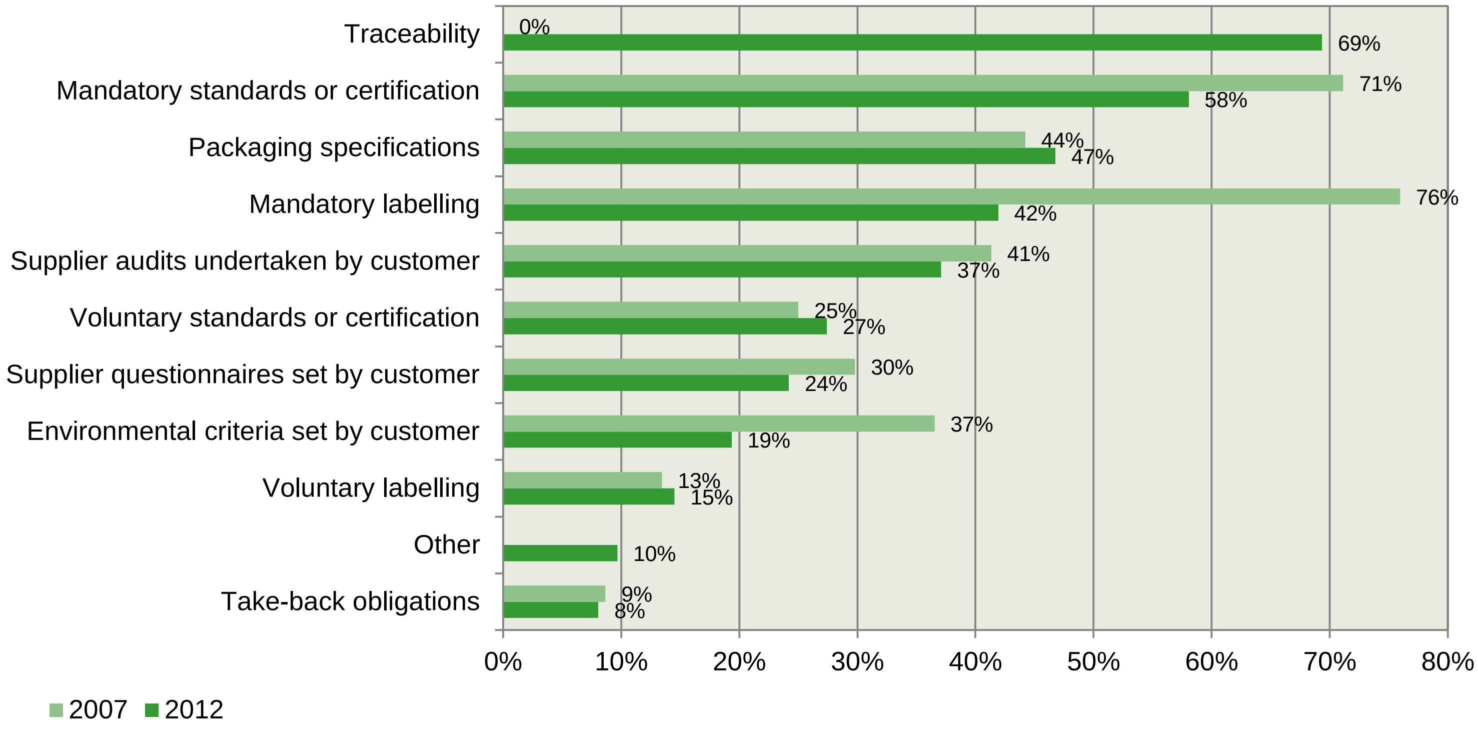
- Traceability is a new area explored in 2012
- The category 'other' includes requirements like price display
- Supplier audits more common than supplier questionnaires

Market requirements by company size (staff number)



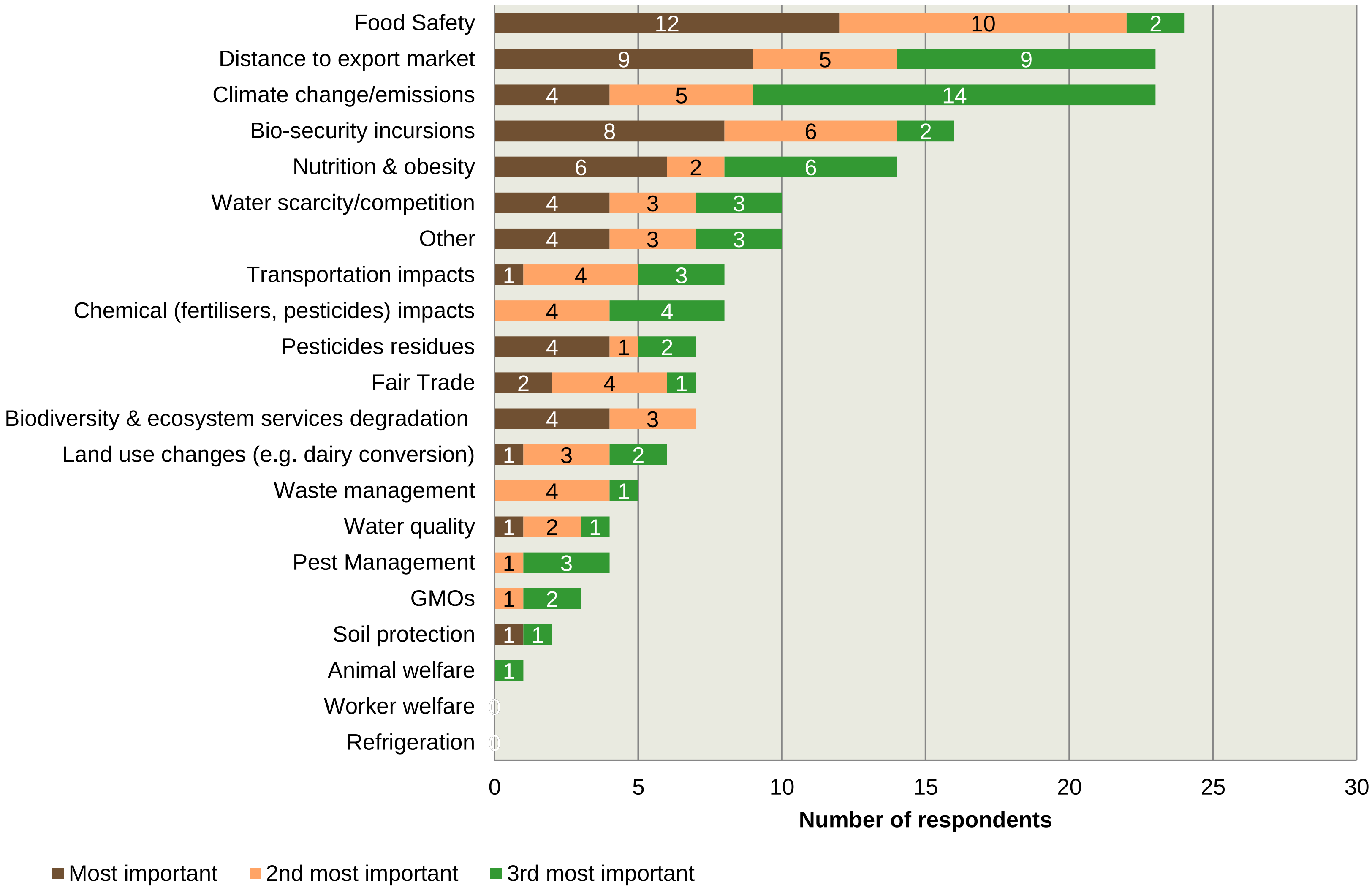
- Not surprisingly, large companies more likely to face certification, auditing and supplier-related requirements; they are also more likely to be audited than fill IN supplier questionnaires
- Small companies more likely to take on voluntary labelling – the opposite to 2007 results

Market requirements: changes between 2007 and 2012

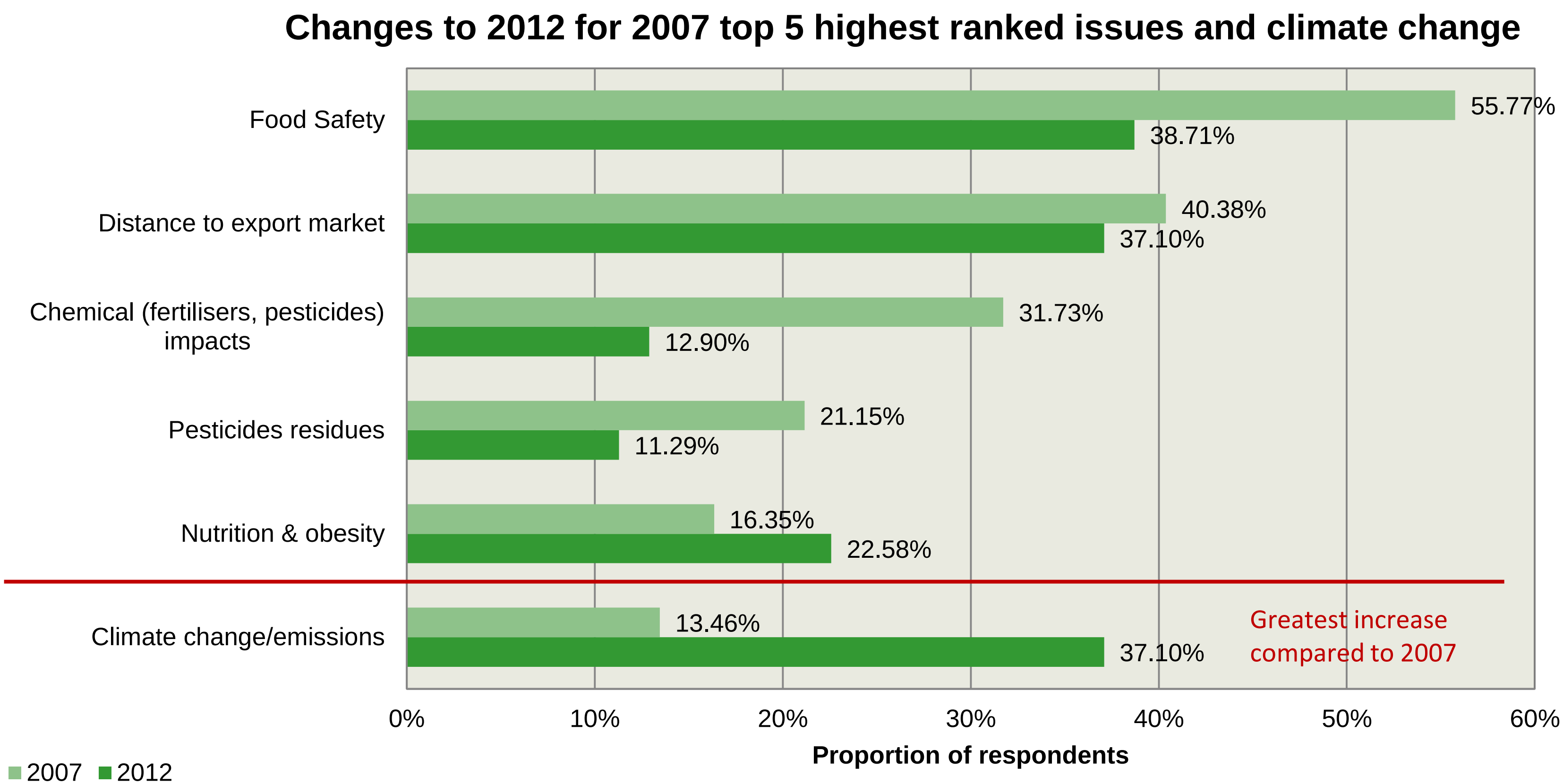


- There is an apparent decline in mandatory certification and labelling requirements, and environmental criteria – though likely to be a reflection of the type of survey respondents
- However, exporters are faced with a greater (number) of market requirements – on average 3 to 4 requirements per company; larger companies faced to 5–10 requirements.

Key issues facing the sector

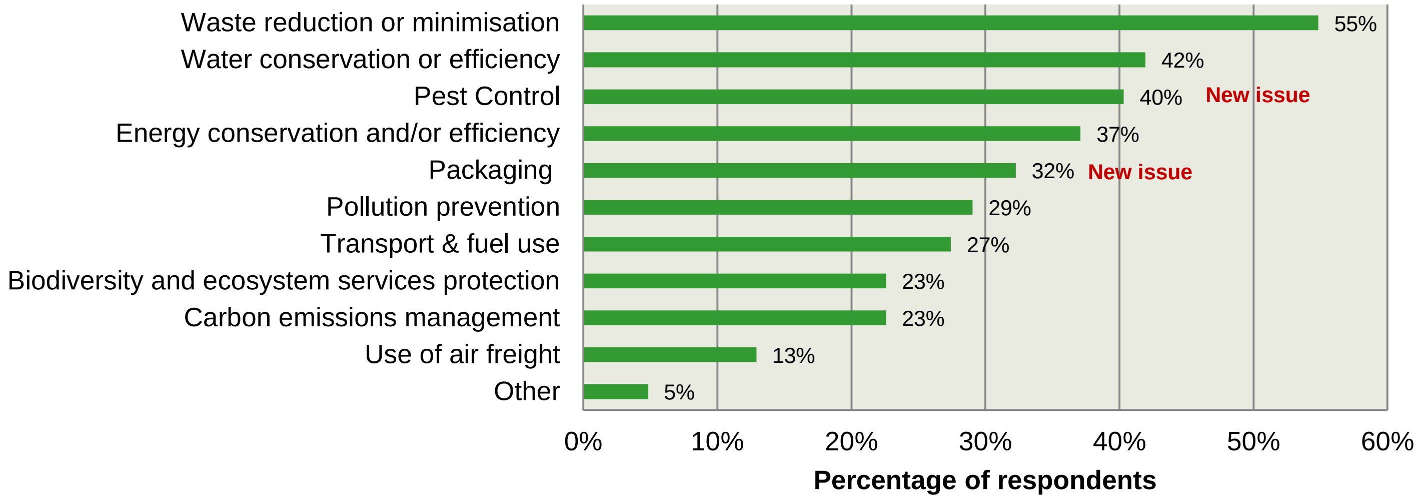


Key issues 2007 vs 2012

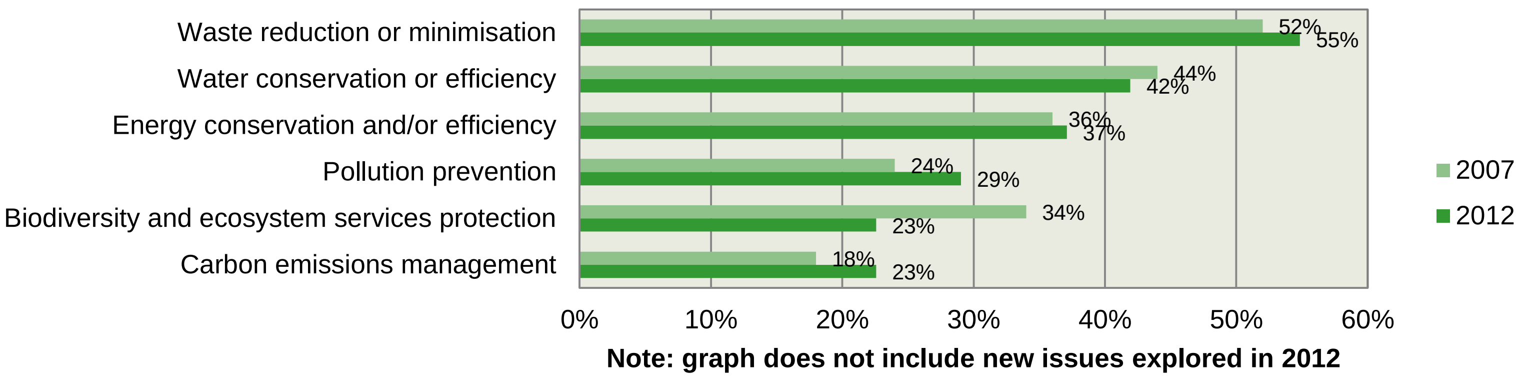


- Concerns about climate change have increased dramatically since 2007, when climate change was bottom of the list
- Conversely, concerns about chemical impacts have decreased significantly despite NZ's current context (focus on water impacts, setting nutrient limits)

Measures undertaken by businesses

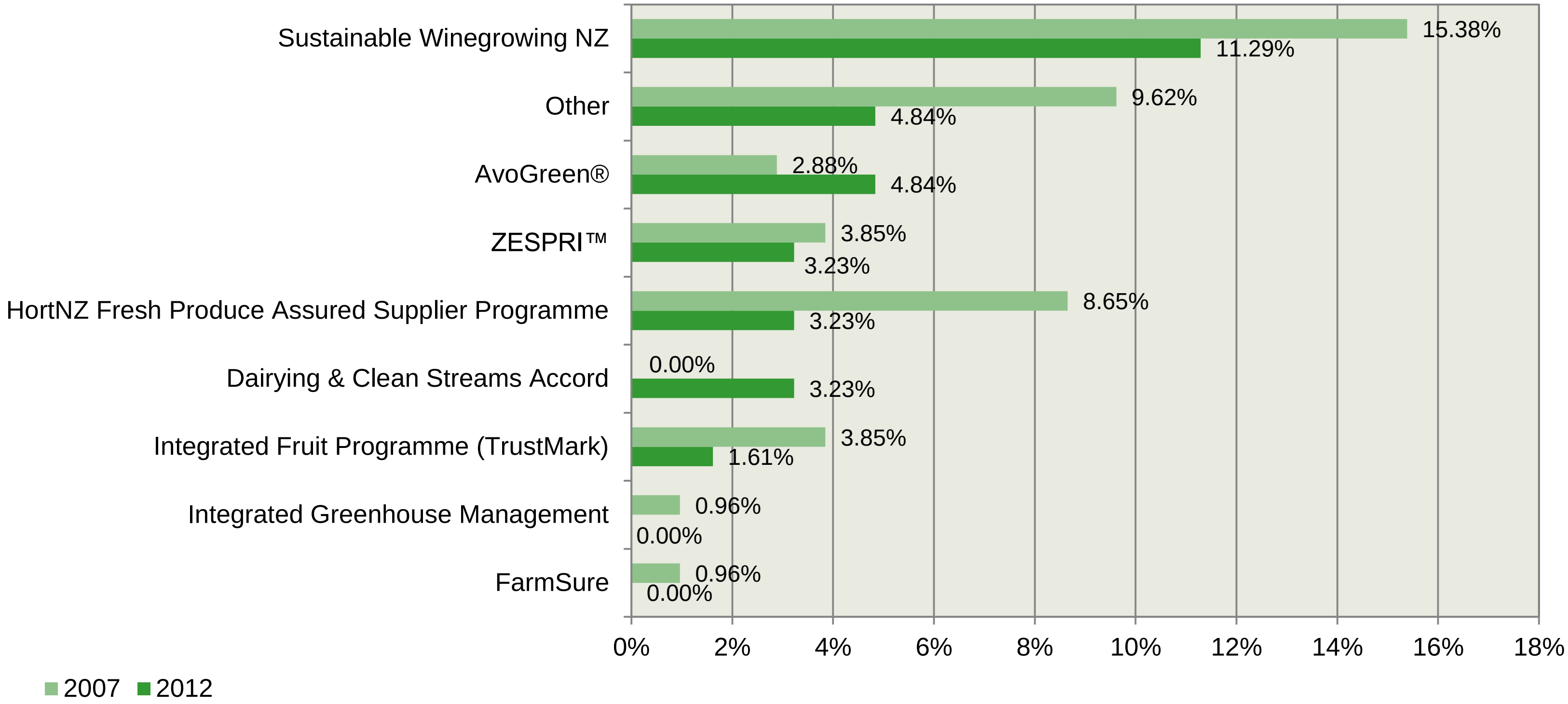


Top 5 2012 measures vs 2007



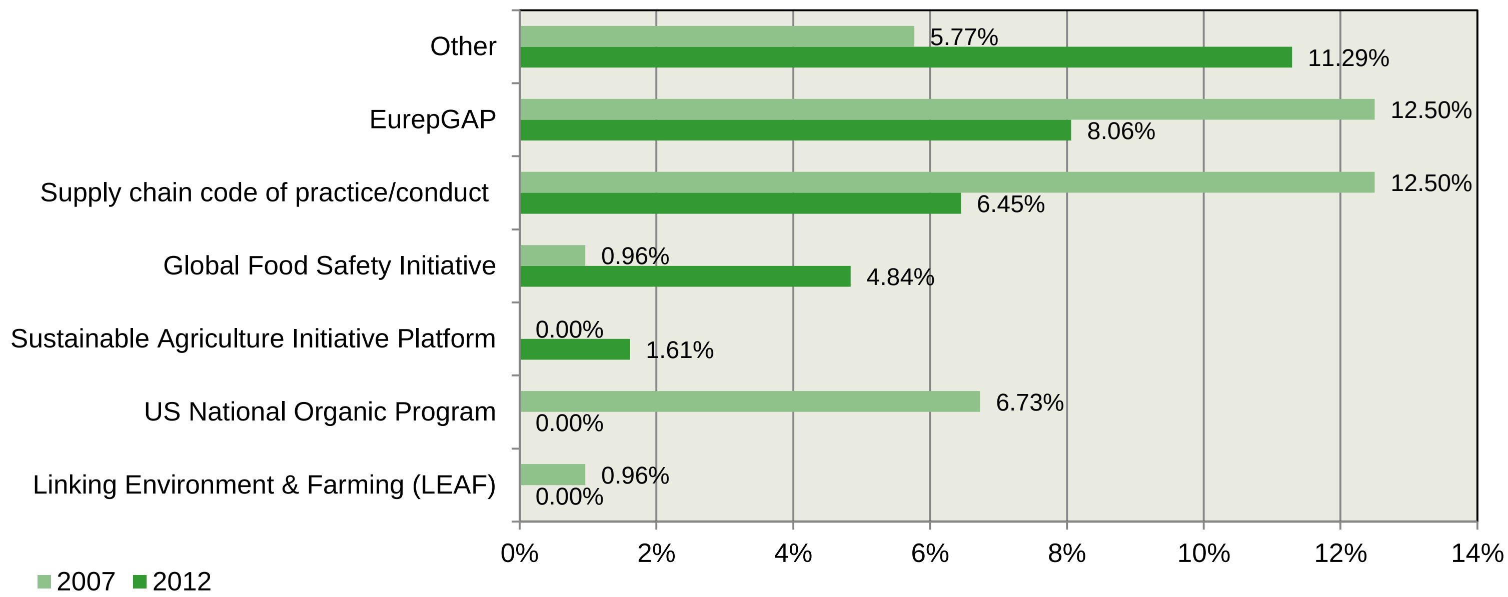
- 80% of respondents have implemented at least 1 measure, up from 75% in 2007

Uptake of NZ Standards and Codes of Practice



- Almost 1 in 3 respondents (19) have joined a NZ standard or code of practice
- Only 1 respondent out of 19 has joined more than one standard/code (namely two)
- The category ‘other’ includes references to standards like NZGAP, NZFSA, under which some respondents also included organic certification

Uptake of International Standards and Codes of Practice

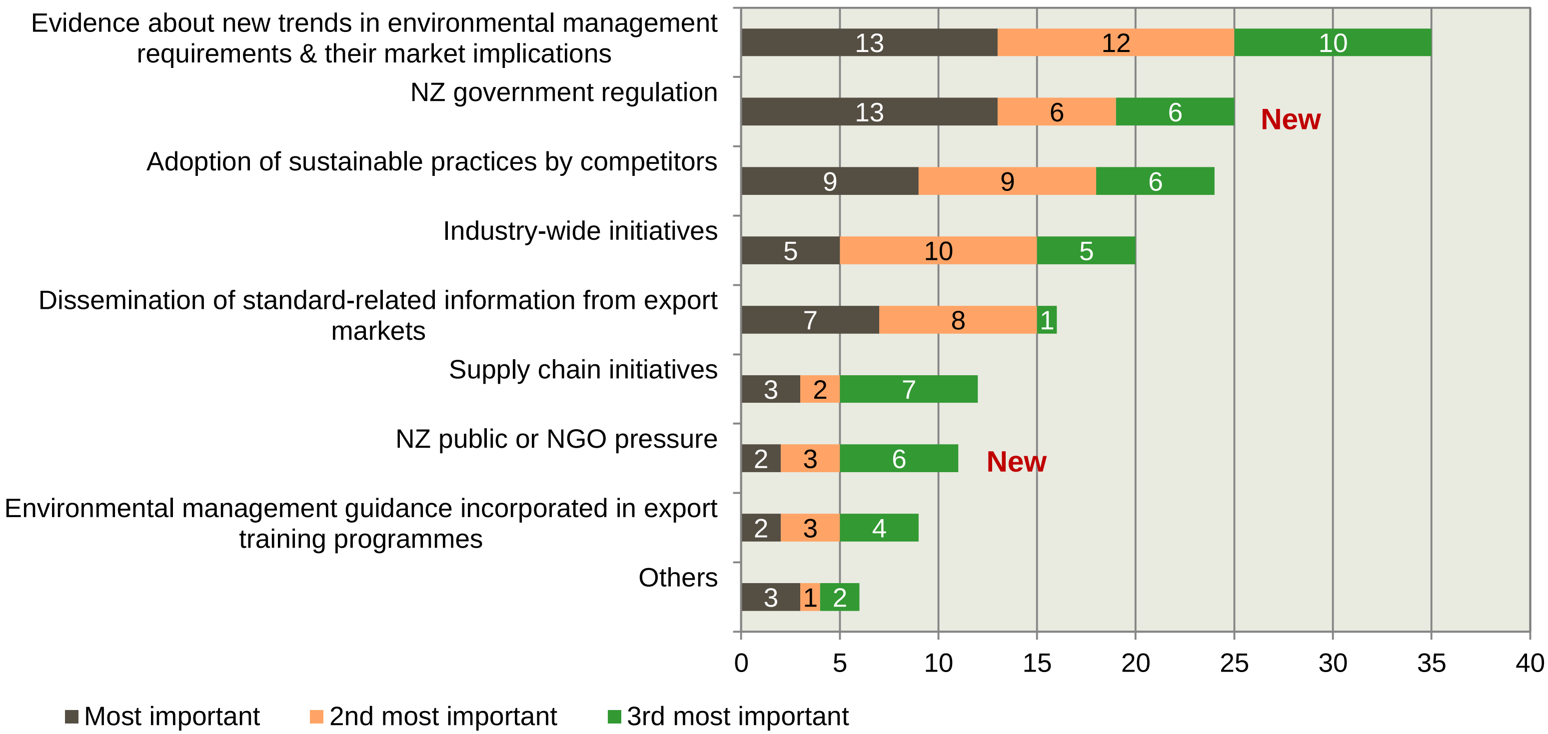


- 17 respondents (27.4%) have joined an international standard or code of practice; of these
- 2 respondents joined more than one standard/code
- Examples under category ‘Other’ includes Friend of the Sea certification, Kosher, Muddy Boots

Combined uptake of NZ and international standards: 43.54% (27 respondents) – an increase from 38% in 2007!

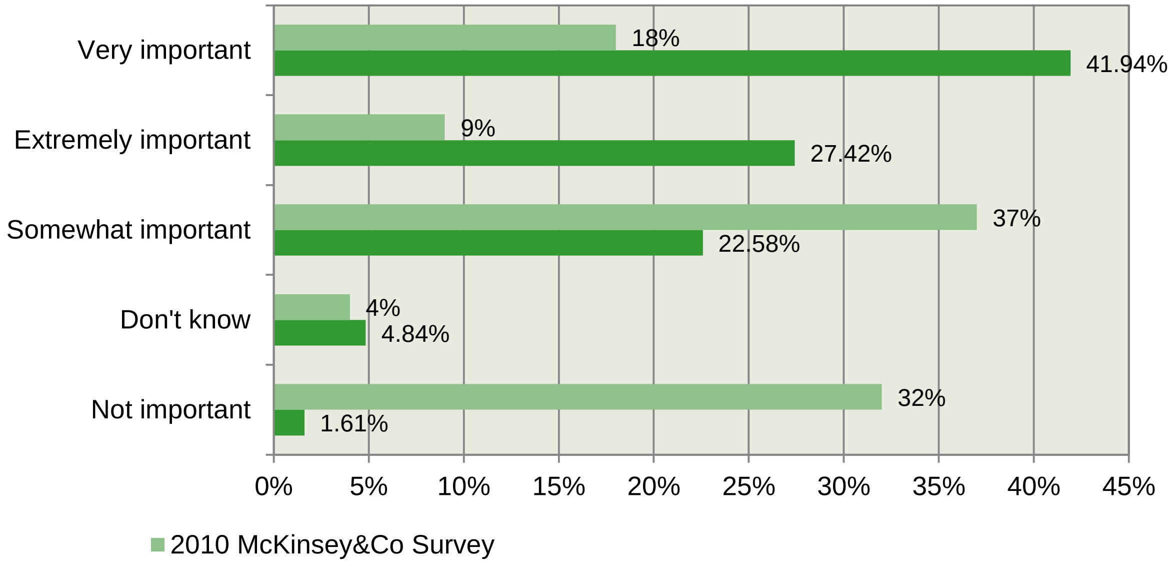
10 respondents have joined more than one standard/code (NZ and International), with 1 respondent having joined 4

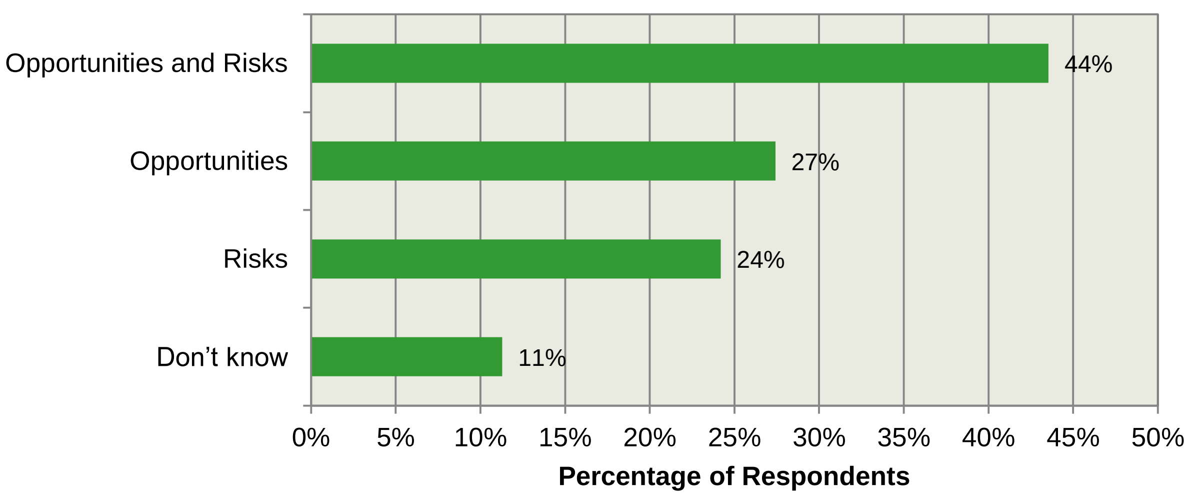
Factors that would stimulate adoption of sustainable practices



- Surprising finding: 25 respondents (40.32%) consider government regulation as a stimulating factor for adopting sustainable practices
- Consumer requirements/pressure is a key factor under ‘others’, followed by insights into market benefits of adoption (the economic case)

How important is biodiversity and ecosystem services to your business?

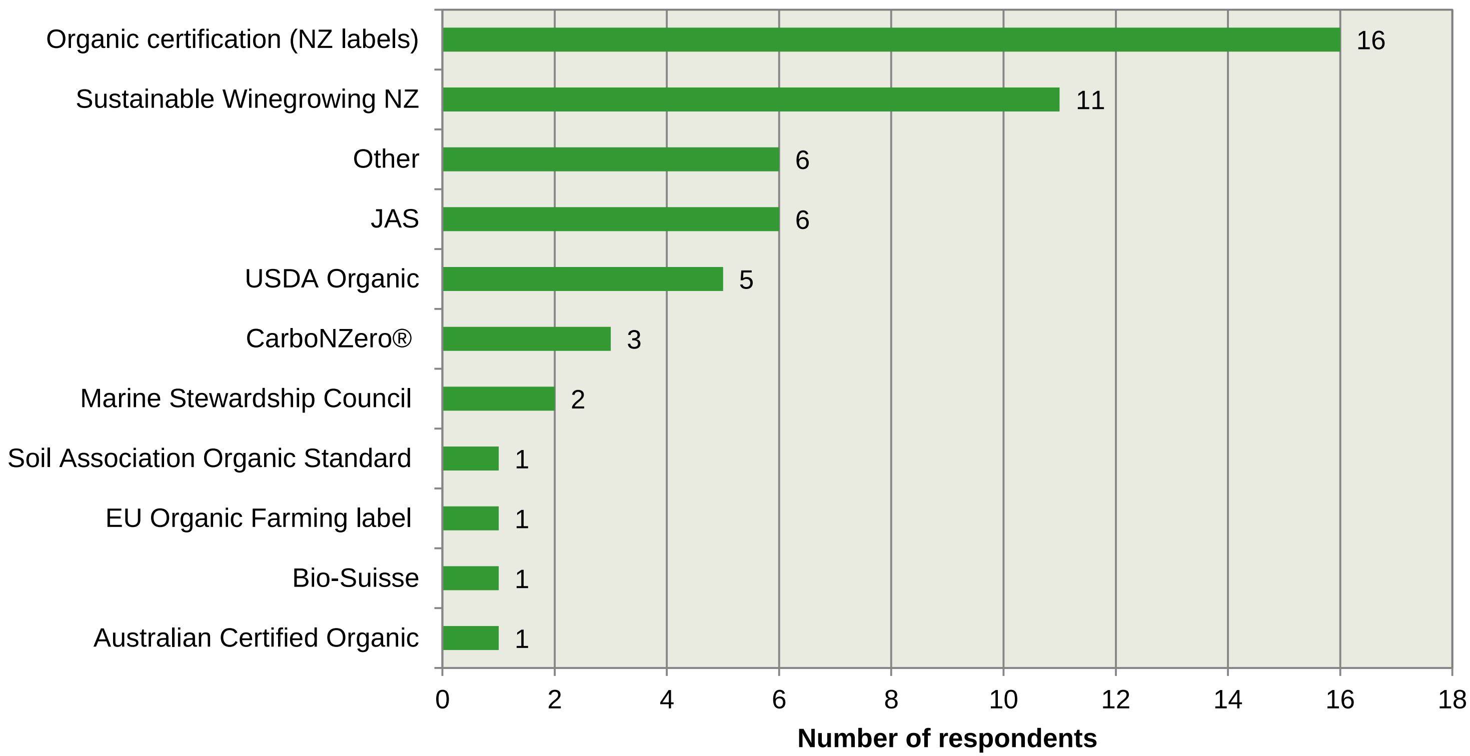




70% of respondents state that biodiversity and ecosystem services are very important to their business, significantly higher than world average at 27% (McKinsey Survey)

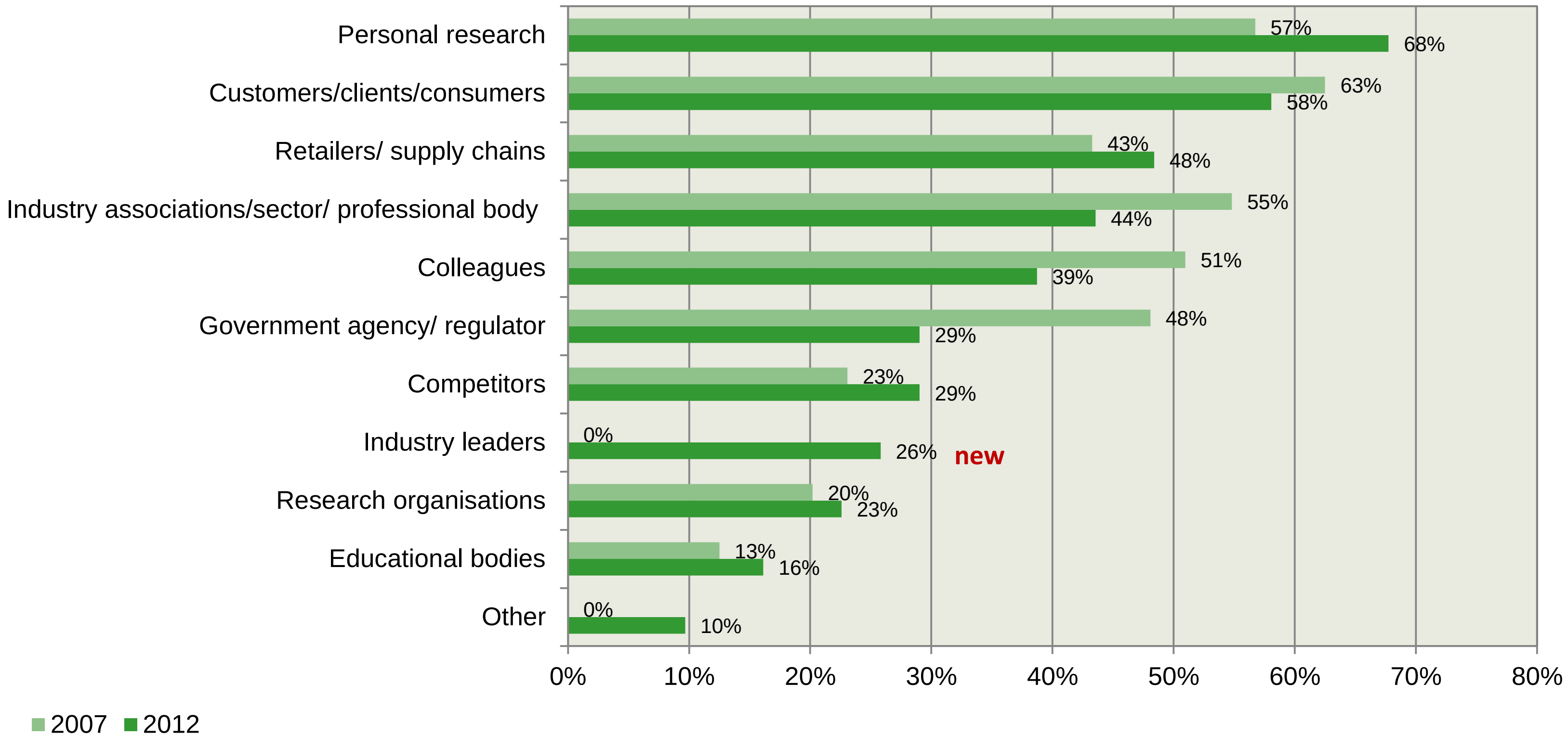
Note: over 1500 global corporate leaders responded to 2010 McKinsey survey “The next environmental issue for business: McKinsey Global Survey results”.

Eco-labels uptake (products)



- Slightly over 2 in 5 respondents (46%) are certified to carry an eco-label certification
- Product labels are driven primarily by organic production considerations, followed by sustainable wine production (note that 30% of all respondents are from the beverage sector)

Main sources of information



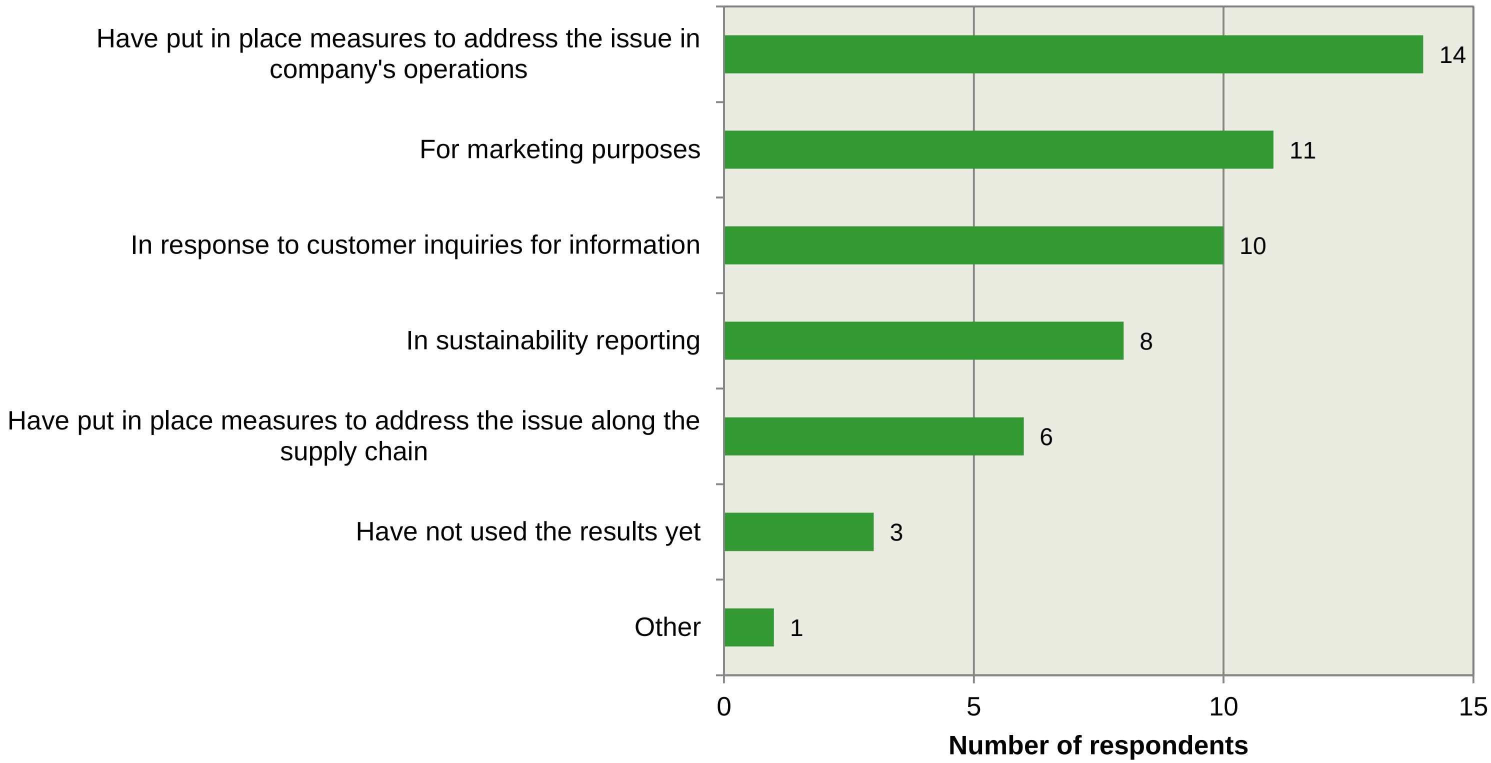
- 1 in 4 respondents seek information and insights from industry leaders (which is a new area investigated in the survey)
- Category ‘other’ include, for example, consultants

Quarterly Market Intelligence Reports

- Only 14 respondents (1 in 4) are aware of the Quarterly Market Intelligence reports; the number is too small to draw any reliable conclusions
- Opinions evenly split between those **who** find the content very useful, useful, and somewhat useful
- The preferred option for improving the reports is to provide more detailed analysis of market developments and response options for NZ
- Other suggestions for improvement **include** information about how NZ exporters are handling the issue and more insights about specific (key) consumers requirements

The quarterly market intelligence reports have been published by Ministry of Foreign Affairs and Trade with input from New Zealand Trade and Enterprise to assist NZ exporters to navigate sustainability-related requirements in the market.

Environmental footprinting/Life Cycle Analysis



20 respondents (1 in 3) have carried out some form of environmental footprinting of their products or services; (note: there is some confusion between inventory vs footprinting among respondents)

Carbon and water continue to remain focus areas

SURVEY OF NZ F&B SECTOR
Key findings

- Concern about climate change has increased many fold (13.46–37.10%)
- Water scarcity/competition also features high on the issues of concern to F&B producers (6 highest ranked)
- Over 2 in 5 respondents have joined a NZ or overseas standard or code of practice
- 2 in 5 respondents consider government regulation as a factor that would stimulate adoption of sustainability practices
- 3 in 4 businesses have implemented at least one practical environmental measure
- 70% of respondents state that biodiversity and ecosystem services are very important to their business, significantly higher than world average at 27% (McKinsey Survey)
- The existence and/or need for ‘Clean and Green’ brand not questioned anymore
- Addressing water issues and dairy impacts considered key to retain and strengthen the ‘Clean and Green’ brand

Potential areas to address

- Enhance focus and outreach of market intelligence information
  - Focus on specific issues and their implications for NZ exporters rather than continuing the practice of preparing general country reports;
  - Generate intelligence about new markets underpinned by factual information (premium, market share/growth forecast)
  - Identify ways for the intelligence reports to reach exporters directly
- Capacity building for F&B to engage on biodiversity and ecosystem services at company level (measurement and communication) – next best practice?
- Smart government regulation: can it be turned into market advantage?

This survey was conducted with support from:

New Zealand TRADE & ENTERPRISE

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Manatū Ahu Matua

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Manatū Aorere

Ministry of Business, Innovation & Employment

Landcare Research is a crown research institute focused on the management of terrestrial biodiversity and natural resources. We partner with business and industry to increase resource efficiency, enhance market access and improve sustainability performance.

For further information about this survey, contact:

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