

PERCEPTIONS OF NEW ZEALAND BY AUSTRALIAN BUSINESSES RESEARCH IN NEW ZEALAND, 2009

Research Agency

The research was conducted by Nielsen, an independent market research agency, during July to September 2009

Research Objectives

The main objectives of this research were to:

- Test the suitability of the New Zealand brand positioning and proposition approach from a business perspective
- Understand whether New Zealand's business attributes are understood and being correctly interpreted by potential business partners
- Understand Australian businesses' perceptions or experience around New Zealand business performance looking at gaps and 'ratings' of New Zealand companies in key performance areas
- Understand the engagement decision process of Australian businesses with New Zealand and other competitors; driver, evaluation criteria etc

Methodology

The research was conducted using a qualitative methodology:

- Telephone interviews of 1 to 1.5 hours duration

Sample

- A total of 20 interviews were conducted across 4 sectors:
 - Industrial Biotechnology (n=3)
 - Medical technology/Bioactives (n=7) (*Medical Technology n=5, Bioactive n=2*)
 - Food & Beverage (n=5)
 - Engineering/Manufacturing (n=5)
- Respondents were:
 - Key decision makers in their organisation who may or may not have day to day New Zealand contact
 - Businesses who would never consider working with New Zealand were excluded
- Sample was obtained from the contact/database which is held by the Trade Commissioner in Australia
- *NOTE: The database sample was small, respondents available for interviews ranged widely in terms of focus particularly in Medical Technology/Bioactive and Industrial Biotech*

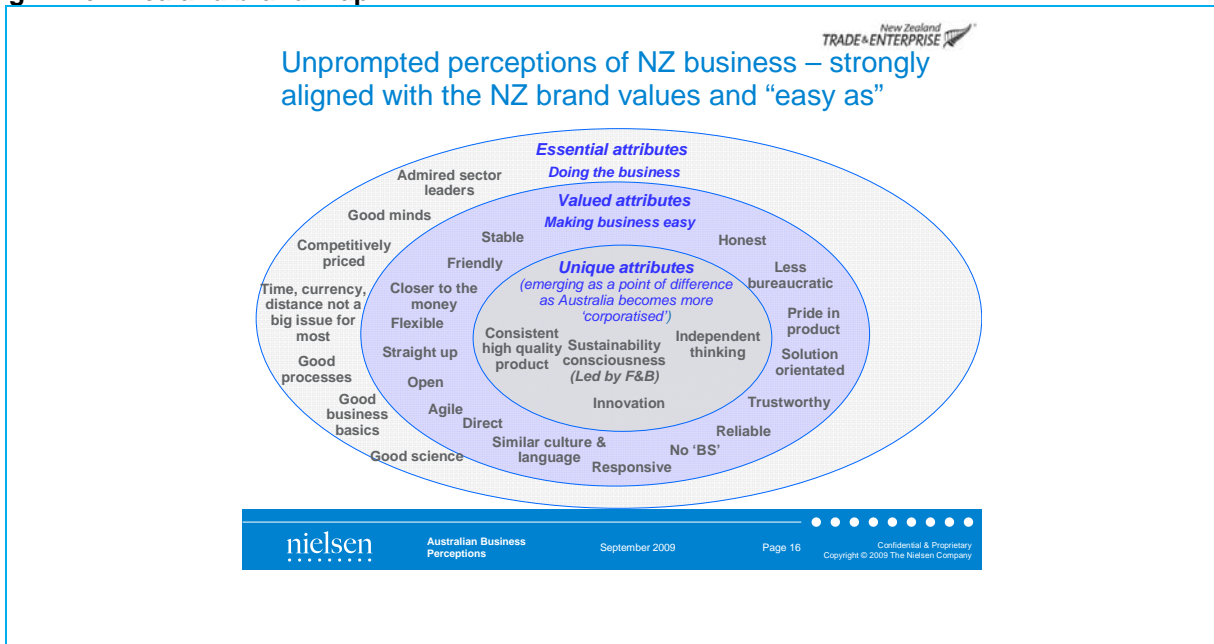
OVERALL SUMMARY OF FINDINGS

- There is high equity in the New Zealand brand, but it lacks a compelling and focused single message, and it is underutilised by New Zealand businesses.
- There is no evidence that poor business competency is inhibiting Australian business engagement with New Zealand
- New Zealand businesses are held in high regard but they need to engage in more effective and intensive marketing
 - There is a need to be more proactive and push harder

OVERALL PERCEPTIONS OF NEW ZEALAND BUSINESSES AND BUSINESS BRAND

- International businesses benchmark New Zealand business against international business culture, often rating New Zealand low in business sophistication. By contrast, Australia compares New Zealand with its own business culture.
- Overall, Australians see strong similarities in the Australian and the New Zealand business cultures
 - Australians find New Zealand business easier to deal with than any other country i.e. they prefer New Zealand's direct, 'straight up', more open, informal and personable business relationships
 - Critiques are few and inevitably followed by 'but it's the same in Australia'
 - New Zealand is viewed as the seventh state albeit 'tongue in cheek'. This domestic mindset means that New Zealand often gets overlooked as a business contender
 - The New Zealand tourism campaign and marketing efforts in Australia are admired; they indicate 'smart and determined business'
 - New Zealand is also seen to have some strong sector leaders E.g. Fonterra, Sealords, Air New Zealand, which create a halo effect offering significant leverage opportunity to elevate other businesses
- In terms of the perceived attributes of the New Zealand brand, there is an emerging differentiation around sustainability (led by Food and Beverage) and consistent perception of high quality and innovation, however there is no strong sense of unique advantage. There is a perception that openness to collaboration is high.
- There is high equity in, and strong positive free floating attributes ascribed to the New Zealand brand, but these are underutilised by New Zealand businesses
- The diagram below illustrates the different layers of core values that New Zealand holds as a business brand. The inner ring represents the unique attributes, the middle ring summarises the core aspects of 'making business easy', while the outer ring relates to actually doing business.

Fig 1: New Zealand brand map



The New Zealand brand has strong resonance in each sector as summarised in the chart below, but different sectors reflect different aspects of the brand.

Fig 2: Brand resonance in each sector

	Food & Beverage	Engineering Manufacturing	Medtech / Bioactive	Industrial Biotech
How the sector is viewed?	Highly respected World class (pulling away from Tasmania "cottage industry" - NZ gaining high end, sophisticated image esp. wines)	Highly respected – (bordering on craftsmanship) Sometimes better than Australia in innovation, professionalism	Bioactives: world class in pockets High potential Medtech: world class in pockets Political tensions (Pharma / Pharmac)	World class in pockets High potential in Cleantech
What does the brand stand for?	High quality product Organics / sustainability advantage	High quality work Innovative approach Solution-orientated Flexibility / agility Efficiency	High quality science and product Innovation ... But thwarted by lack of supportive infrastructure	

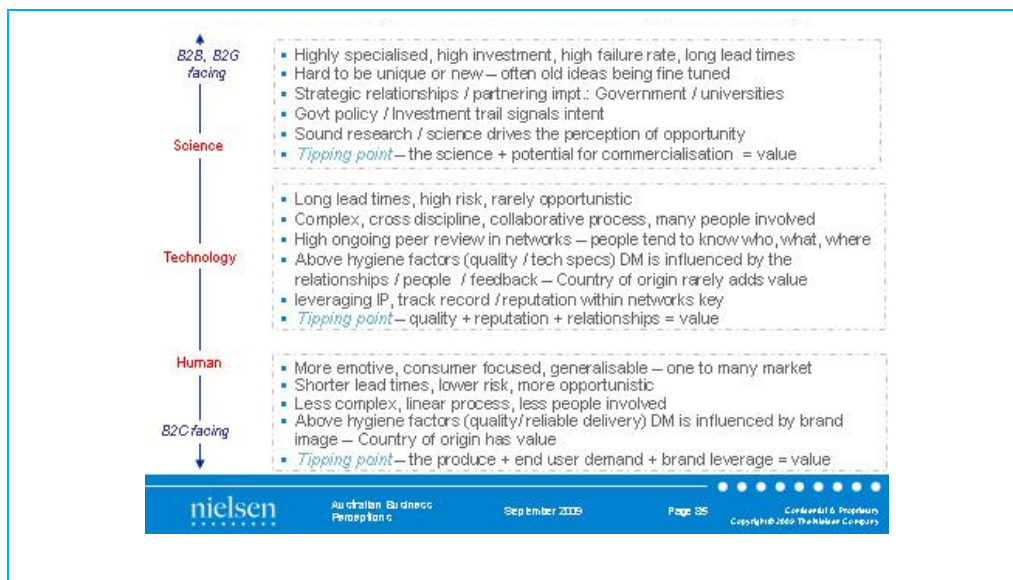
- Echoing the International Perceptions research, the New Zealand brand image creates an expectation of New Zealand business potential in future focused areas such as:
 - Land: agriculture, forestry, and animal husbandry
 - Environment / industrial biotechnologies (clean technology)
 - Unique diversity of environment / climates to experiment, gain expertise
 - Land management
 - Toxic land cleaning, waste and pollution management
 - Water, wind / solar energy, renewable energies

- Bioactives
 - Unique flora and fauna diversity / wild craft
- Food and Beverage
 - Trusted, high quality, sustainable
- Organics
 - Milk products, fruits and vegetables, seafood

BUSINESS DECISION MAKING AND THE IMPLICATIONS FOR THE NEW ZEALAND BRAND

- The decision making characteristics are different depending on the sector characteristics and the primary audience for the product or service
 - The diagram below explains the various focuses the different industries have depending on the type of products and services that businesses deal with
 - The type of businesses varies from those that are more consumer facing to those that are more business or government facing
 - Those that deal with sciences place more emphasis on values on a larger scale such as national policies in the decision-making process
 - Businesses that deal with technology factor in values that are more logistical and practical
 - Businesses that are more consumer facing tend to focus and cherish human values, and tend to be more emotive and mass-market oriented in the process of decision-making

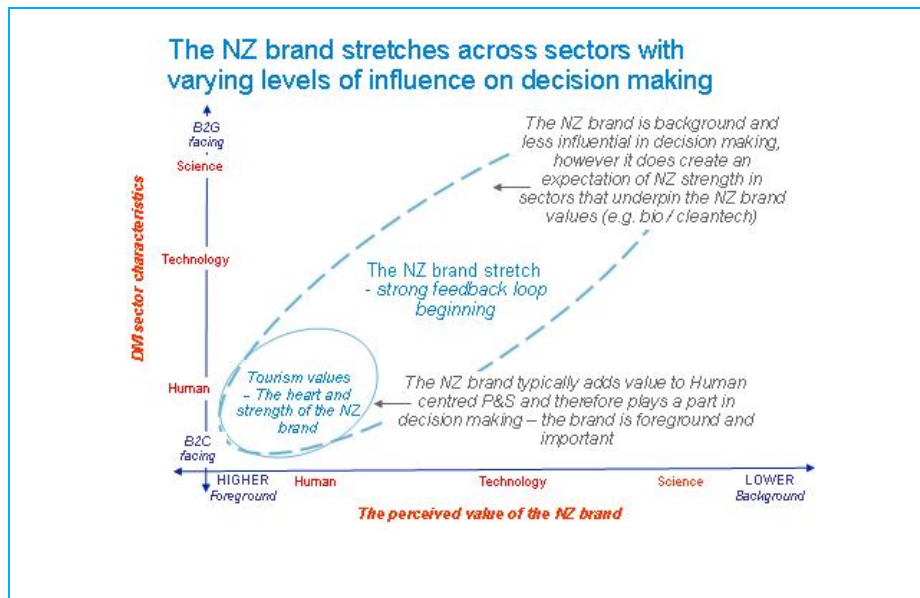
Fig 3: Value factor according to industry type



The diagram below illustrates the New Zealand brand as a whole as it stretches across all sectors with varying levels of influence on business decision making.

- Human centric values are clustered more around the consumer facing sectors, with the brand acting as a key vehicle, and imagery strongly supported by the Tourism executions.
- At the upper end off the continuum, sectors are more business or government focused, and the brand supports and underpins sector stories.

Fig 4: New Zealand brand stretch



Where and how the New Zealand brand should act

- Decision making characteristics in each sector indicate where and how the New Zealand brand should act.
- There are three areas that the different sectors and types of businesses fall into:
 - **Science-centred:**
 - Product and services that leverage scientific research (hard data)
 - **Technology-centred:**
 - Product and services that leverage skill sets, IP, processes
 - **Human-centred:**
 - Product and services that leverage brand image to add value

The New Zealand brand has a different role to play in each sector

- Science-centred products and services
 - The New Zealand brand is best as a **broker of information / PR updates** to interested parties on who is doing what, where; and in **supporting the individual branded science technologies**

- The brand needs to be embodied in a **Sector Champion** / ambassador (to make the sector intent tangible, i.e. substantiated by champion's reputation)
- Technology-centred products and services
 - **'Reputation management'** (PR / contribution / enable visibility in networks)
 - New Zealand brand role is to highlight sector, manage Reputation (PR / networks)
 - Plus help businesses be visible in networks and leverage New Zealand brand values
- Human-centred products and services
 - **'Image management'** creates emotive associations, communicates commitment to quality and drives end consumer demand (Heart of the Tourism crossover)
 - Environment / Quality produce is the star
 - Plus help individual businesses leverage New Zealand brand values (cross sector events, trade shows etc)

BRAND MANAGEMENT

Overall

- There was little evidence to suggest that New Zealand brand marketing is miss-targeted, and no evidence of the brand impeding business decision making
- New Zealand businesses are not capitalising on the high brand equity – i.e. not being as proactive or marketing as effectively or intensely as needed in Australia
- New Zealand's unique advantage is still weak, but Sustainability / Organic attributes are emerging as a differentiator being led by the Food and Beverage sector
- The sector propositions (introduced to respondents in the research) sparked interest. The perception of 'Unrealised Opportunity' in New Zealand is the current advantage that needs to be ignited
- Stronger business push and more focused marketing are the differentials in terms of maximising New Zealand's current business engagement in Australia

"Refreshing New Perspectives": the brand essence

- This is seen to accurately reflect New Zealand business attitude and culture as a whole
- Fits less easily with sciences (incremental nudges more so than new discoveries) but is still acceptable
- There are examples in all sectors of New Zealand reflecting Refreshing New Perspectives
- The chart below illustrates what Refreshing New Perspectives would look like in each sector:

Fig 5: Refreshing New Perspective in each sector

	Food and Beverage	Engineering / Manufacturing	MedTech / Bioactive	Industrial biotech
Fit?	Fits with NZ business and experience of sector		<ul style="list-style-type: none"> Fits with NZ business as a whole but not a lot of evidence in sciences for some Improvements are often incremental and hard won – seen as a bit unrealistic in that very little is new or unique in Medtech / Industrial Bio Better fit for some with Bioactive – some evidence already (Whey proteins, Suspension in soft gels) 	
Would imply?	<ul style="list-style-type: none"> Innovation, change..... Why change something world class already? 	<ul style="list-style-type: none"> New business process, advancements, discoveries, being innovative, creative 	<ul style="list-style-type: none"> Things that only NZ can do because of its unique flora / fauna / environmental – climate diversity 	<ul style="list-style-type: none"> Different / “game changing” approach, product, new processes, advancements in current products
Example	<ul style="list-style-type: none"> Already getting there: Sustainable / organic products 	<ul style="list-style-type: none"> Sustainable / environmental savings around fuel efficiency 	Bioactives: <ul style="list-style-type: none"> Organic, Wild Craft products free of contaminants Medtech: <ul style="list-style-type: none"> Different processes, approaches 	<ul style="list-style-type: none"> Organic absorbents Soil banking Cold climate expertise in bioremediation

The New Zealand brand Values (Guardianship, Welcoming, Refreshing, Resourceful and Integrity)

- The brand values fit with perceptions of New Zealand business culture

The New Zealand Origin Mark

- The origin mark is seen as more business orientated than past versions (designed, stylised, contemporary) but the use of black and white evokes the All Blacks and sports communicating ‘business as usual’
 - Colour is needed to support the brand essence of Refreshing New Perspectives

The New Zealand brand sector propositions

- For most, the sector propositions are seen as credible and a fair reflection of New Zealand’s offerings, and they spark interest

SECTOR FINDINGS

Food and beverage

- New Zealand has great potential and advantage in the food and beverage sector especially in organics and produce with sustainable values

What’s working well:

- High quality – fresh, pure, natural
- Positive halo effect of internationally renowned flagship companies and products
 - Fonterra, Sealord, Sauvignon Blanc
- Some product as added value
 - E.g. not just organic but carbon zero, world leader in sustainable fishing

- Reasonable price
- Relatively low freight cost
- Tourism message such as the clean and green image reinforces image
- Marketing activities
 - Tradeshows and networking events
 - Free sampling

Issues

- Made in Australia products can be strong competition
 - New Zealand needs stronger differentiation in presentation and story
- Small size can lead to perceptions of vulnerability such as the possibility of being bought out and limited ability to supply volume
 - New Zealand Food and Beverage needs to communicate the quality story with a sense of business commitment, strength and adaptability
- Smaller business still need help with understanding export logistics
- Potential to tap into the New Zealand community in Australia as ambassadors

Engineering/Manufacturing

- New Zealand is highly regarded and seen to provide quality and dependable solutions on par with Australia and in some instances exceeding Australian capability
- Consistent perceptions of professionalism, quality, reliability, innovation, efficiency, agility and, at times, a perception of craftsmanship reinforce New Zealand's capabilities

What's working well:

- Consistent high quality
 - Skilled craftsmanship
 - High standards
 - "Have a good QA system"
- Professionalism
 - Honesty, delivering on promises
- Proficiency
 - Reliable, trustworthy, efficient
- Innovative attitude
 - Will find a way
- Flexibility, agility
 - Not bureaucratic
 - Easy to make changes
- Ease of communication
 - Similar culture and business ethics

Issues

- New Zealanders can be insular and risk adverse
- Not maximising opportunities - could push their ideas further
- Could improve on finish, presentation, design lines – “*Take a look at what Europe is doing*”
- Online information is poor – would like centralised database of companies
- Need to market and promote more effectively
- Some limitations due to geography and population
- Limited capacity to supply high volume
- Currency difference, distance and time can be inconvenient for some

Medical technology / Bioactives

- High respect for quality, good potential in herbs, high interest in ANZBP fund
- There is a perception that New Zealand’s Medical Technology and Industrial Biotech sectors should be strength
 - Good sciences base, good intellectual capital and well respected research and researchers
- An expectation of expertise that harnesses New Zealand’s unique environmental aspects e.g. Clean Technology / bioremediation in cold climates
- Sectors are however perceived to be undervalued in New Zealand: research and especially commercialisation seen as a struggle – low population, too many small companies, under resourced, no ‘pipelines’, companies not incentivised on KPI’s around commercial success

What’s working well:

- Good environment for Bioactive to grow
- First world country, sophisticated infrastructure, English speaking, easy access to west coast USA and east coast Australia (biotechnology hubs)
- Good intellectual capital in basic science and biotechnology
- Great laboratory people
- Respected people in tech transfer offices at universities

Issues

- Lack of single node or hub – too many small groups “*underpowered and under-delivering*”
- Need tax incentives to help achieve critical mass, take businesses to the next level
- Can be parochial with limited perception of what’s going in the outside world

- Need government to make business reviews (e.g. data monitors) available to small businesses in the sector
- Support senior scientists to attend forums and aid commercialisation skills
 - E.g. like Advance group in Australia
- Current database information poor - need 'one stop shop' Government register of Biotechnology companies
 - I.e. anyone doing anything (e.g. getting transitional grants) has to register with a central database that notifies the Pharmaceutical scouts
- Put people in technology transfer offices who understand the commercialisation process and not scientists
- Create a pipeline to move ideas to market success
 - E.g. New Zealand companies often not registering their products for marketing purposes – creates a poor proposition for investors
- Pharmaceutical specific
 - New Zealand (Pharmac) seen as not friendly to the international Pharmaceutical industry
 - E.g. demanding 'very low' prices, time consuming rules and regulations
 - Government needs to show that it values the Pharmaceutical industry

Industrial Biotech

- Strong respect for New Zealand science. There is an expectation that the high intellectual capital, the New Zealand brand values and the physical environment could lend New Zealand to being a significant player in Clean technology, although capability largely unknown yet

What's working well:

- The science – quality, the breakthroughs
- The dedication of the people in the sector
- The high potential
 - To foster expertise in clean technologies especially around covering diverse climate and environments
 - To discover unique solutions via New Zealand's unique flora, fauna

Issues

- Need serious focus and investment at the government level
- Create incentives to encourage greater collaboration
- Create better commercialisation pipelines and tech transfer skills
- Central registration/ database to keep up to date with who, what and where

KEY RECOMMENDATIONS FOR THE NEW ZEALAND BRAND ACROSS SECTORS

Across all sectors:

- In general, the action required from New Zealand businesses is to push harder and market more effectively and intensely
- New Zealand businesses need to have a much stronger presence online and in Google search

- New Zealand businesses in technology and sciences need to have greater visibility/contribution into the sector networks

Food and Beverage

- Continue to help fledging businesses understand the practicalities and logistics in exporting

Engineering and manufacturing

- Help businesses manage the tension between quality and business urgency
- Encourage interest in perfecting finish and design lines

Bioactives/Medical Technology

- Aid the closer harmonisation of regulations in Bioactive between Australia and New Zealand
- Continue to raise awareness of the ANZBP fund

Industrial Biotech

- Continue to raise awareness of the ANZBP fund
- The brand needs to be seen to be supported by government focus and investment:
 - Tax incentives
 - Collaboration hubs
 - Commercialisation pipelines and skills – e.g. set up organisation similar to advance in Australia
 - Centralised database/registration of grants received, intent and progress
- Aid SME access to international data monitors (for them to keep in touch with what's happening)
- Help companies register their IP/products