Repositioning New Zealand Venison: From Commodity to Brand

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Abstract
This case study examines the brand repositioning strategy of the New Zealand Game Industry Board’s brand program ‘Cervena’. Two lessons are derived from the case. Firstly, the program is an example of an organisation attempting to initiate a market orientation in a product oriented industry. Implementing a market orientation involves undertaking changes to key industry assumptions and developing supportive processes to reinforce market-oriented cultural values. Reinforcing these values will help ensure high quality market-oriented behaviours. Secondly, branding in B2B markets involves establishing a reputation with business buyers and an aspirational position with end consumers.

Keywords: Market Orientation; Branding; Business-to-business

1. Introduction
Agriculture represents the last frontier for brand marketing. We have probably all heard, taught, or read that some products are ‘intrinsic’ commodities that simply cannot be differentiated in the marketplace. For these producers, commodity price cycles are accepted as a fact of life rather than the result of failing to build a brand. Value for these producers lies solely in price / quality trade-offs. Paradoxically these producers complain that continued quality improvements do not take pressure off prices. For New Zealand producers this approach resulted in a poor competitive position (Crocombe, Enright, and Porter 1991). This article examines the approach of one case; the New Zealand Game Industry Board’s (NZGIB) attempt to reposition commodity venison in the US as a brand - ‘Cervena’.

2. Industry Background
While deer farming in other countries has struggled to develop “critical mass”, the New Zealand industry consisted of 4,500 farmers running 2.1 million deer in 2004. The industry is governed by the NZGIB. The NZGIB is funded by a compulsory levy on all deer farmers, processors and exporters. The NZGIB oversees the industry, undertaking generic marketing campaigns for New Zealand venison that complement the brand marketing activities of individual exporters.

Throughout the 1980s venison was sold as a commodity primarily in Germany, the world’s largest venison market. This market was highly concentrated (with six key buyers), highly seasonal (Easter and October Festivities), and driven by older consumers motivated by low prices. Also, German buyers had a tradition of developing their own ‘house blends’ by mixing venison from different countries and were unreceptive to producer brand programs. Due to this competitive position, the NZGIB saw returns falling by 2.9 per cent per annum from 1985-1989 even as sales grew. The failure to provide a sustainable point of difference for New Zealand venison had dire results following the Chernobyl disaster. Since radioactive fallout affected the grazing areas of Russian and European deer the NZGIB had hoped to capitalise on their country of origin. However, the failure to build brand awareness for New Zealand venison resulted in a commodity price collapse for all venison.

3. Target Positioning
In repositioning the NZGIB targeted up-market restaurants in the USA with an average cheque price...
exceeding $30US per person (excluding wine). The US market was chosen because of its affluence, its high quality restaurants, and a maturing food culture. Targeting restaurants was believed to be more appropriate given the Board’s small marketing budget.

“If we had a trained chef using the product we could get twenty orders a night. For the same cost we could have worked through supermarkets targeting consumers who might only use it for special occasions.” (MJ Loza, Current Chairman)

American consumers held negative perceptions of venison. Research conducted by the NZGIB identified that quality was the key concern for US consumers. Consumers thought venison may have “fallen off the back of a truck, was hunted, or was road kill.” (MJ Loza current Chairman) The popularity of Walt Disney’s ‘Bambi’ character also presented problems when it came to promotion because Americans associated deer with the young fawn in the Disney films.

Despite these problems the NZGIB identified a number of opportunities. Americans desired to eat red meat, but were concerned about the health implications of doing so. Research showed that American consumers needed to be persuaded that Cervena was different from the venison they ‘knew.’ Before they took the step of cooking an expensive product themselves they needed to have a positive ‘venison experience’ at a restaurant. Consumers were more willing to try venison if it was endorsed by a trusted restaurant or chef.

4. The Cervena Program

The NZGIB developed a generic branding program called ‘Cervena’ to complement the existing brands of their members and build equity for New Zealand venison. This brand was developed by designer Brian Richards who drew inspiration from historical guild societies and France’s Appellation system of geographic labelling for wine.

“I became very interested in the guilds in London. They are very old societies that exist in order to ensure that you are buying the genuine article. The guild mark is their integrity agreement. I then looked at the wine industry in Europe where they have the appellation, and again those are integrity agreements.”

The result was the Cervena appellation program, which stands for country of origin, farm raised venison, strict quality controls, meat from animals under three years old, and from the best cuts. The NZGIB retained control of the program and franchised the brand to each of the exporters (there are seven in the program), as long as they met the program’s criteria.

“The Cervena Council will say to the franchisees, ‘tell us about your marketing program. They may say ‘we like the look of items 1, 2, 4, and 8, and therefore we will match dollar for dollar with you, however item 3 which states ‘2 for 1 special promotion’, looks too much like discounting, which is too predatory. Rather than expanding the market we fear that it might undermine our brand.” (Andrew Duncan, CEO Duncan Venison)

The above quotation evidences that the program is run collaboratively with the franchisees. The NZGIB assists with promotional costs where they believe there will be a mutual benefit to both the company and the New Zealand game industry.

5. Brand Features and Attributes

The Cervena brand was built around a number of features. These are detailed below. Different features were emphasised to the four target audiences – trade buyers, restaurant staff, consumers, and influencers (food critics).

5.1 Quality / Health

Quality associations are a key part of brand equity (Aaker and Joachimsthaler 2000). For the NZGIB, quality investments were made to ensure the animal was raised in a stress free environment (to ensure meat tenderness), transported and processed correctly. These were developed as part of a program called ‘Pasture to Plate’, which recognises the need to take ownership throughout the entire value chain.

Cervena labelled venison has a number of key product attributes. The meat must come from deer no older than three years of age with a maximum fat content. The age limit results in standardised product delivery, both in terms of cut size and product performance. These characteristics were emphasised to business buyers and restaurant users. Also, due to these quality investments, Cervena venison is virtually fat free. As a result, consumer promotion focuses on venison as ‘the new meat for the 90s’ that one can consume without guilt.

5.2 Versatility

Traditionally wild venison is cooked for a long time in heavy wine based sauces in order to soften up the tough...
meat, and moderate the ‘gamey’ favour. As a result the product was often perceived as a winter food.

“Most people thought it was tough, wouldn’t taste very nice, was a winter or seasonal meat, had to be cooked for a long time, and had a strong ‘gamey’ taste. It was not perceived as a delicacy.” (MJ Loza, current Chairman)

A key repositioning strategy of the Cervena program was to emphasise the product’s versatility. Former Chairman Collier Isaacs recalled:

“In the USA we marketed the meat as low fat and tender. Everybody thought it was tough so we’d say it was tender. Everybody said it was strong flavoured, so we’d say that it had a mild taste. People thought we could only use it in winter, so we designed recipes that used venison in salads.”

The quotation above identifies the attempt to overcome traditional perceptions of venison among consumers. Underpinning this was the investment in quality programs identified earlier.

Also, because Cervena labelled venison was virtually fat free, overcooking can ruin the meat, and reinforce the view that venison is tough to eat. As a result, the NZGIB deliberately targeted chefs in their marketing campaign. To target chefs, the NZGIB employed Chef Graeme Brown who was tasked with developing recipes that could be used throughout the year. As a result, the ‘four seasons’ campaign was developed, and targeted at chefs and wait-staff that emphasised the all-year round versatility of Cervena, with recipes ranging from salads in summer to hearty casseroles in winter. Graeme Brown continues to develop a range of educational material on the quality programs, how to prepare Cervena, and food safety, handling, and storage.

5.3 Adaptability

Changing from a commodity to a brand business involves understanding buyers’ needs as well as an augmented view of the total offer (Narver, Slater, and Tietje 1998).

“If you’ve got a good product like Cervena, and you don’t pay attention to the add-ons, such as how well the serving staff are trained, the product delivery can ‘break down’ and damage your brand.” (Former Chairman Richard Riddiford)

In order to support the product’s positioning and encourage repeat users the NZGIB gives chefs as many tools as they can to assist them. Realising that even the lowest ranked chef in a busy restaurant kitchen has little spare time to prepare meat, Cervena labelled venison is delivered ready to go, in pre-cut easy-to-use packs. Franchisees also adapt the product to the needs of individual restaurants, providing pre-marinated meat and specialty cuts for stir fry dishes, curries, and salads.

5.4 Commitment to Cuisine

The Cervena program also added value to chefs because it received widespread coverage in the press. For the NZGIB, this was part of a deliberate push and pull strategy.

“That’s why we developed a push-and-pull strategy. First you convince the chef why Cervena is different and why they should be calling it ‘Cervena’ and then you do some public relations at the consumer level to say ‘hey Cervena is different,’ and if you want to eat it then you should be asking for it restaurants.” (Collier Isaacs, former Chairman)

Due to a limited advertising budget the NZGIB relied heavily on public relations activity. The NZGIB developed a network with key chefs to help promote the product. Because of the quality of the chef network the program had credibility with the food press: “It wasn’t production driven it was very much a focus on cuisine so they were very receptive to that approach.” (Richard Janes former Chairman)

5.5 Country of Origin

The NZGIB markets Cervena around country of origin. This was driven by three factors: the inability to use animal imagery, positive consumer perception’s of New Zealand, and the appellation strategy that emphasised New Zealand’s clean environment and sought to build equity for the New Zealand venison industry. This is aimed at selling a desired, environmentally clean, natural image consistent with the desired positioning of the product. The advantages of the scenic portrayal were that it helped communicate the purity of the product.

6. Brand Marketing Programs

Promotion is based on endorsements and word-of-mouth support. In the previous discussion, the attributes of adaptability and versatility were based on forming relationships with key buyers as part of a push strategy to ensure uptake in the channel. The NZGIB needed to complement this with a consumer awareness program to
pull consumers to restaurants. This strategy was based on leveraging the relationships with a network of chefs and high profile public relations opportunities.

6.1 The Chef Network

Targeting lead buyers is important in the success of new product launches (Hultink, Hart, Robben, and Griffin 2000). The NZGIB identified the celebrity status that many of these chefs had with their target consumers, and believed that chef endorsements would help overcome consumer anxiety about venison. The NZGIB experienced significant buy-in from lead chefs. For example:

“We had a very big buy in from chefs. Charlie Palmer of Aureoles is individually a very very wealthy guy. I paid him a retainer of about $20,000 a year, and I remember asking him in his restaurant why do you bother with Cervena. He said, it’s a fantastic product, it’s a great product.” (Richard Riddiford, former Chairman)

The result was a network of high profile chefs that helped promote the product within their restaurants, their publications, and their television shows. One benefit of this was that it encouraged further buy-in from other chefs because they responded to peer-endorsements of Cervena. Endorsements from chefs and influencers are promoted on the Cervena website, and the NZGIB reciprocates by providing links to each chef’s restaurant.

6.2 Promotions

The NZGIB looked for targeted activities that had a low cost but high impact. For example:

“We were always looking for angles with which we could basically deliver cost effective visibility or have some impact. We had the New York Giants tasting the meat as part of their pre-season training program. They are so focused on the dietary aspect of their training and fitness, so when they ate the meat, it helped with the ‘healthy and lean’ image that we were after. We worked closely with a number of distributors who conducted their own promotion at wine and food events. We were very keen to tap into any ideas that they had and work with them on their own programs because they had a market presence that we just couldn’t duplicate.” (Richard Janes, former NZGIB Chairman)

Several programs were developed including the active targeting of specialist cuisine publications, a chef competition called ‘Cervena Plates’, co-promotional opportunities with the New Zealand wine industry, and as standard restaurant-based promotion such as table tents.

7. Outcomes

The key objective of the Cervena program was to expand sales to the USA without decreasing value. Prior to Cervena’s launch in 1999, venison sales to the USA were $NZ7.4 million and sales had hovered around $NZ19.5 million since 2000 (Deer Notes 17th September 2004). The NZGIB’s own research in 1999 indicated that brand awareness of Cervena among targeted Chefs went from zero to 69 per cent in two years, whilst usage went from zero to 36 per cent. This was achieved on the back of a $NZ15.8 million investment.

The program has not delivered as much as was hoped and the program is currently under review. The value of Cervena sales declined by 19 per cent in 2003 even though sales had remained steady at 1,000 tonnes (Deer Industry News, 2004). This result needs to be seen in light of plummeting commodity venison prices (from NZ$10 / kilo in 2001 to NZ$4.20 in 2004; Deer Industry News, 2004). There are several explanations for this underperformance. The industry is still short-term oriented and primarily judge success on the basis of increasing auction prices. Farmers vote on the amount of levy the NZGIB receives and what it is spent on. Following the belief that the Cervena program was benefiting a few producers the NZGIB ceased subsidising the program in 2001. The NZGIB was unable to counter claims that Cervena had not led to price increases because it did not have a separate price schedule for Cervena venison. The NZGIB was also unable to support its contention that the Cervena program raised the price of New Zealand venison per se. As a result, the Board and the seven franchisees were unable to leverage the early successes and were forced to close the New York office and rely solely on the Internet for customer support.

Buyers are also critical of the Cervena program, arguing the lack of stability and certainty in supply and prices is turning them away.

“The deer industry has been very bad at either under supplying or over supplying the market with the result that in the past you’ve had wild fluctuations in price. For example, two or three years ago [1999-2000] the scheduled farmers went from about NZ$4 to NZ$9 a kilo, which was totally unsustainable, and we did a lot of damage in the USA through that.” (Richard Riddiford, former Chairman)

This is a direct result of the inability of farmers to capture the value of long-term brand building efforts. For
farmers the value of the Cervena program can only be captured via increased short-term prices because they have no direct equity in the program. Inconsistency in supply and pricing leads to serious problems in the USA because restaurateurs operate on small margins and cannot absorb large price increases.

8. Key Lessons
The Cervena case offers lessons for implementing a market orientation and building business-to-business brands. Recent research has examined the drivers of the successful implementation of market-oriented strategies (Kennedy, Goolsby, and Arnould 2003). This case adds to this research by identifying the importance of surfacing and changing previous values, and reinforcing market-oriented values for ongoing member support for such strategies. For example, the implementation of a market-oriented culture is believed to require an understanding that “there is no such thing as a commodity” (Narver et al. 1998, p. 243). We find support for this, but also identify that such understanding is not enough; rather market orientation requires constant reinforcement of these values throughout a planned change process, before they are taken for granted as new cultural assumptions.

In the Cervena case, the lack of bottom-up buy-in and supportive systems to ensure the widespread adoption and reinforcement of market-oriented values (e.g., customer orientation) led to the perpetuation of behaviours inconsistent with a market orientation (auction based pricing and variable supply), and eventually reduced support for the program. Therefore, the failure of members to fully adopt market-oriented values led to poor learning behavior (the perpetuation of past approaches) and lower quality market-oriented outcomes (cf: Baker and Sinkula 1999). The management of the change process associated with implementing a market orientation deserves further research. We suggest that a useful starting point for such research will be to draw on Lewin’s force field model of planned change as a useful framework for examining how firms unfreeze past assumptions (in the Cervena case – commodity positioning), move towards a new set of assumptions, and refreeze these assumptions (cf: Wilson 1992). Such research should also be conducted longitudinally, using multiple methods including observation, depth interviewing, secondary analysis, and quantitative surveys of employees using established cultural scales (e.g., O’Reilly III, Chatman, and Caldwell 1991).

In regards to building business-to-business brands (B2B) we also add to an emerging stream of literature (Bendixen, Bukasa, and Abratt 2004) by identifying the important synergies between attributes targeted at business buyers, and those targeted at consumers. Recent research identifying the potential for branding in B2B markets identifies the importance of ‘reputation’ and ‘quality’ for B2B brands among key buyers (Bendixen et al. 2004; Michell, King, and Reast 2001). This would suggest that branding is in an early stage in this context. The Cervena case provides an example of an attempt at brand building in business markets.

Critically the case identifies the need to take a network perspective of B2B branding, and examine the potential for brand positioning around the business marketing offer (Ford and Associates 2002; Webster 2000). For example, Webster (2000) proposes that brand value involves an understanding of network position - in particular the relationships among consumers and resellers. We provide evidence for this view by identifying the importance placed on both push and pull strategies. Importantly, the pull strategy at a consumer level was primarily to support the business buyer relationship with restaurants (we note that Intel provides a similar example albeit in a different context). The brand attributes emphasised to each market were also different. At the consumer end aspirational values focusing on health, purity and environmental imagery were emphasised. At the buyer end emphasis was on the business marketing offer - “advice, adaptation, product, service and logistics” (Ford and Associates 2002 p. 122).

Future research could examine whether these aspects of the offer are what contribute to perceptions of reputation and quality, which are critical to B2B brands (Bendixen et al. 2004; Michell et al. 2001). Such research should also identify the importance of building brand salience among different members of the business buying organisation (such as users, decision makers, and service staff) as the Cervena case identified the importance of empathising with each in order to build a brand relationship. Such an approach would take account of the different purchasing process in a B2B context (Webster and Keller 2004). Also, network position is critical to business branding programs. A central tenet of the Industrial Marketing and Purchasing Group is that a firm’s market actions are constrained by that firm’s network position. The Cervena case illustrates this view by identifying how the inability to provide certainty around price and supply undermined
a promising brand repositioning program. In this case sellers were unable or unwilling to meet the needs of buyers, who required this certainty in order to operate effectively within their own network of customers. The failure to manage this network position was brought about by the inability to provide supportive policies for the brand (i.e., equity ownership in the Cervena program). This issue is one that is currently being addressed in a formal review of the Cervena program where one option is to move the program away from an appellation towards an actual brand program owned directly by those who use it.

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References


Biography

Michael Beverland is a Senior Lecturer in the Department of Management at the University of Melbourne. He received his doctorate from the University of South Australia. He has published articles in Australasian Marketing Journal, Business Horizons, European Journal of Marketing, Industrial Marketing Management, Journal of Management Studies, Journal of Marketing Management, Journal of Personal Selling and Sales Management, and the Journal of Product Innovation Management. Michael’s research interests include authenticity, customer desired value change, luxury branding, and brand evolution.

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