

# Winners will join in new trends

**Hugh Stringleman**  
hugh.stringleman@nzx.com

FARMERS and exporters must capitalise on emerging trends disrupting global markets, KPMG's global agribusiness head Ian Proudfoot says.

In his latest Agribusiness Agenda, called Foresight to the Future, he drew attention to many technological and societal changes that would threaten New Zealand's agri-food export base.

Proudfoot said the NZ primary sector was on the cusp of a global agrarian revolution that would see transformational change across every aspect of how the sector worked and what it produced.

"While people will always need sustenance, this does not mean it will be gained by eating and drinking the foods and beverages we know today.

"In future there is no guarantee that the forms of food historically produced by the farmer, grower and fisherman will still be in demand."

For example, meat producers thought people would never eat a plant-based burger by preference.

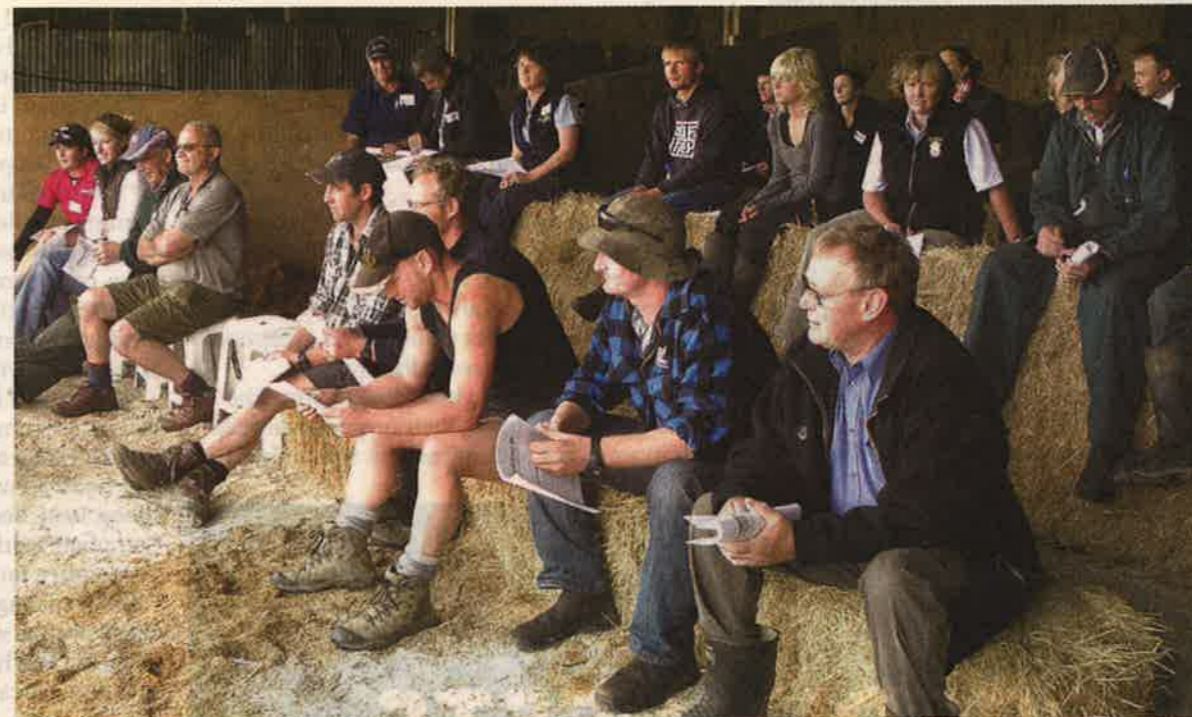
"But what if that plant-based burger was scientifically proven to lower the risk of heart disease or cancer while still tasting and eating the same?"

Proudfoot said the western diet was no longer supreme, calling attention to the "bok choy effect" of the growing ethnic diversity in food as Chinese, Indian, Vietnamese, Mexican, Middle Eastern and African cuisines spread around the world.

As well, plant-based proteins were being reformed to replicate the daily diet as innovative companies backed by major investors looked to closely replicate the experiences of meat, dairy and egg products.

Such new foods came with several advantages:

They removed animal welfare



**ENGANGERED SPECIES:** There is no guarantee that the forms of food historically produced by the farmer, grower and fisherman will still be in demand in future, KPMG global agribusiness head Ian Proudfoot says.

**“**While people will always need sustenance, this does not mean it will be gained by eating and drinking the foods and beverages we know today.**”**

**Ian Proudfoot**  
KPMG

issues that were of concern to many people.

They were better for the environment, removing the contributions livestock made to greenhouse gases.

They could include desirable nutrients while excluding attributes of natural foods that presented health risks.

They could be organic.

And they could be made in

premises that made it easier to guarantee food safety.

Proudfoot provided an example of French dairy giant Danone buying United States-based WhiteWave Foods, a company that specialised in plant-based milks and related products, for \$10b.

To conclude the November 2016 Agribusiness Agenda, KPMG posited three future scenarios for the next 20 years: complacency reigns, traction for some change or NZ positioned on the leading edge of change.

Under the first, business-as-usual scenario, trends worked against the agri-food sector, such as the decline of family farming, climate change, adverse demographics and the lack of recruitment of young people into farming.

Some good years might occur, when supply failed elsewhere in the world, but yield growth did not keep pace with competitors, wetter weather adversely affected

production and more customers chose not to buy NZ products because of adverse perceptions.

The second scenario, under which some industries worked together to capture the opportunities offered by the agrarian revolution, saw only 30% of farmers benefitting.

Businesses that stuck with the status quo found themselves in foreign ownership and suffered from a sharp downturn in prices.

International growth continued to outpace that available to NZ farmers because of climate instabilities.

The third scenario, when the sector set a goal to capture 45% of 2015's ultimate export value, ie \$100 billion, showed transformational change driven by smart technologies, deep collaborations and market insights and the participation by ambitious, talented people.

"The industry is seen as the best in the world at balancing

the needs of the community and the environment, delivering a sustainable economic return," Proudfoot said.

"It is the first-choice employer for students and half of graduates take science-based roles.

"It has fostered an innovation ecosystem that is attracting major international companies to site research centres in this country and it provides significant growth capital for start-up businesses.

"Exports exceed \$100b (in 2036) and it is estimated 250,000 high-paying jobs have been created in 20 years," he predicted.

To get to \$100b of exports would require 4.85% compounded annual growth and that would not be delivered by status quo.

Among the elements that would deliver such growth, Proudfoot suggested bioengineered products from timber, alternatives proteins from sheep, goats, beef and lamb with free-from attributes, dairy nutrition solutions, pharmaceutical and nutraceutical foods derived from nature, new varieties of fruit and vegetables and artisan products like hops, cheese, ciders and pork products.

NZ needed a powerful provenance story, for example:

"Deep in the waters of the South Pacific, there is a natural, beautiful land rich in natural resources. Its producers balance this sustainable abundance with the use of innovative technologies – a country that is prepared to stand out, that will zig while others zag. This small nation is a respected global citizen, making a contribution to securing a more equitable world for all. Always the first country to see tomorrow, it welcomes visitors with open hearts and open minds."

**MORE:**  
**PROUDFOOT ON CHANGING CONSUMER TRENDS** P21