



IMPROVING THE PERFORMANCE OF THE NZ VELVET SUPPLY CHAIN

New Zealand Velvet Marketing Company Limited (NZVM) is focusing on marketing New Zealand's quality deer velvet to world markets with the support of velvet producers.

NZVM is responsible for marketing over two-thirds of New Zealand velvet sales and driving further efficiencies and marketing initiatives. This is the first step toward improving returns for New Zealand's velvet producers through a focus on marketing rather than commodity selling.

Who are we?

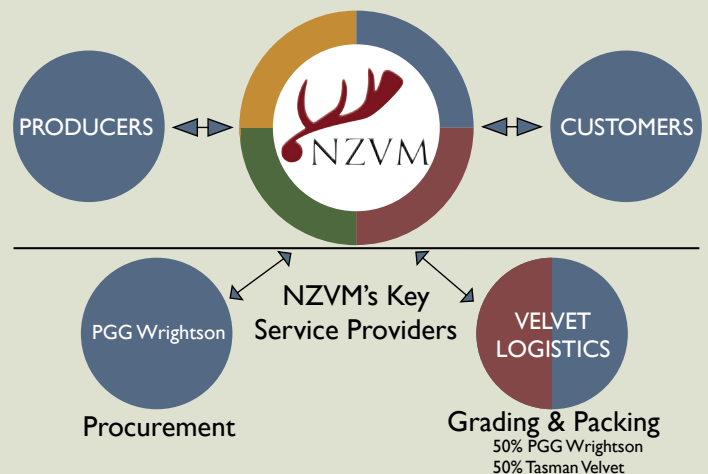
- 25% PGG Wrightson Velvet - a Christchurch based collector and marketer of deer velvet on farmers' account.
- 25% Tasman Velvet Processors Ltd - a Christchurch based collector, processor and marketer of frozen and processed velvet with 35 years in the industry.
- 25% NZ Velvet Cooperative - a group of producers who have come together to supply their velvet and to have an input into setting goals, policies and strategies for the velvet industry beyond the farm gate.
- 25% Veleco Cooperative Group Ltd - the 100% farmer owned group that was established in 2003 to create positive change in the industry and deliver sustainable profitability for producers.

What are our strategies?

- To return the velvet industry to profitability by increasing revenue and controlling costs.
- To institute discipline into the selling market at both farm gate and at the wharf by demonstrating the advantages to both suppliers and buyers of consistency in quality and a pricing structure to reflect market value.
- To diversify the market away from dependence solely on the Korean market by developing the Chinese domestic demand through marketing investment.

What have we achieved?

- Control over a large portion of production through the VSM contract system.
- In this first year the partners have collected 60%, graded 75% and exported directly to export markets 50% of the velvet crop.
- Have already managed 35% of the crop into the Chinese domestic consumption market and anticipate this increasing to 50% within two years.



Future for the industry

- The market diversification and contract selling should take volatility out of the selling market for deer velvet and should give price and cashflow stability which has been lacking up until now.
- NZVM were successful in getting market prices up during last season and expect much improved levels next season with targets over \$100 for Korean grade.
- By working with contract partners NZVM has been able to restore confidence of buyers in taking a position without having to worry about prices running up or being undercut and therefore we expect more participation in the channels of distribution. Especially so by committed participants rather than speculators and traders.
- NZVM will continue dialogue with other industry participants with a view to providing a more unified approach.



CONTACTS

Who should you talk to for more information?

NZVM Contacts

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PGG Wrightson

If you are interested in supplying velvet please contact your local PGG Wrightson rep

North Island Deer Specialists	Phone
Gordon Herrington (North Island Velvet Co-ordinator)	027 5974591
Ken Glen (Waikato)	0274 511641
Paul Lampp (Hawkes Bay/North Island)	027 4426477
Keith Burden (Hawkes Bay)	027 5975801
Graeme Churstain (King Country)	027 4735853
South Island Deer Specialists	
Tony Cochrane (National Velvet Manager)	027 5918438
Ron Schroeder (North Canterbury/Marlborough/West Coast)	027 4321299
Ross (Rusty) Andrews (Mid-Canterbury)	027 4972112
Brian Newall (South Canterbury)	027 5956448
Brenden Johnston (Otago)	027 2414179
Graham Kinsman (Stud co-ordinator)	027 4223154
Brian Duggan (Southland)	027 4324212

