# Seafood Industry Conference

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Hi all, pleasure to be here in Wellington breathing the cool, clear, clean, clean air.

I was contracted by NZTE in September of last year to add the chef's eye view to its food and beverage approach in Mainland China as a key part of NZTE's wider strategy to promote New Zealand food and beverage in China.

I am involved in leading and contributing to a number of initiatives, events and activities in the market, which are aimed at generating values for New Zealand food and beverage suppliers including establishing relationships with

chefs and other food industry professionals, assisting with new product development and product launches, educating chefs and other F&B practitioners on New Zealand products, in particular seafood, meat, dairy and fresh produce, as well as developing and producing menus and recipes and events that highlight New Zealand food and beverage products.

I am based at New Zealand Central, NZTE's business centre in downtown Shanghai, which includes a demonstration kitchen and bar area for food and beverage promotions and a multi-purpose function and event space. I am also working in a number of other China cities including Beijing, Guangzhou and Shenzhen, as well as Hong Kong

I see my role as an innovation, and I want to acknowledge this as the brainchild of Jeff Shepherd, NZTE Trade Commissioner in Shanghai. I am the only chef, to my knowledge, in China who is on the ground representing a single nations food export efforts. This people based approach I believe fits well with our small producer status

and “national brand”- we are generally viewed from the outside as a personable bunch and being accessible as real people can only work to our benefit.  And practically speaking, most New Zealand producers do not have the huge marketing budgets enjoyed by some of our other country competitors, so this kind of innovation is a smart response. Converting a possible negative into an asset. Certainly NZTE saw the need and opportunity for an innovation in approach.

My role is roughly broken into 4 parts and I’ll give you snapshot example of each to show how this playing out on the ground in China:

- The first is in raising awareness of New Zealand product. This broadly involves efforts that introduce us to chefs and media. I have recently hosted a series of chefs dinners in Shanghai, Beijing, Hong Kong and Seoul where we entertained top local chefs and media

to a menu that included paua soup, mussels tempura and chilled fish from Lee Fish in Auckland

- The second is profile- and this broadly is about placing us in situations where we look good, mainly in media, but also in association with local high profile chefs and other influencers. We are working on an events in Beijing this July at both the LAN Club and Dadong- both restaurants that are very highly regarded and are thus trend makers for other chefs and restaurateurs.

- The third is in embedding. This is literally creating initiatives where I help chefs place New Zealand product on their menus. Essentially I am offered as a consultant to restaurant groups. In Hong Kong, I worked with the Eclipse group, who have 11 restaurants, and they wanted help placing Pacific oysters, lamb and mussels on their menus. They like the New Zealand " green-ish" brand for their own

marketing and menus, so here I worked with their chefs in placing a greenshell mussel chowder, a lamb loin dish on their menus, and oysters on the cocktail list as a Pacific Oyster Martini. I am working with two restaurant groups in Shanghai that in total represent 500+ multi brand restaurants across all of mainland China

- The fourth is a function that has only recently come about and that is of influencing market. This is mainly media related and this where we seek to not just respond to consumer trends, but to create them. I have recently been offered the opportunity to contribute to a major bi lingual Chinese food magazine, here is our move to influence.

Let me give you a quick overview of New Zealand trade with China and Korea by referencing the Seafood Industry report from Redfern, which I am sure most of you are aware of.

China is one of the world's seafood superpowers. It is the largest consumer, importer, exporter and producer of seafood in the world, representing approximately 35% of total global production.

Chinese seafood imports can be separated into three main categories: 1. Higher value seafood for domestic consumption e.g. live lobster and oysters. 2. Fishmeal to meet part of the need for animal and fish feed. 3. Seafood to be re-processed for exports e.g. hoki, roughy, dory and squid.

New Zealand is China’s tenth largest supplier of seafood. In 2009, New Zealand exported US$86.78m of fish and seafood to China. Seafood consumption in China is expected to reach 35.9kg/capita in 2020.

Live freshwater fish leads demand in inland city markets,

while frozen and processed products are more common in northern regions. Live ocean catch is popular amongst the wealthy elite of China's booming east coast, and this demographic consumes a great proportion of New Zealand's lobsters.

Imported seafood is highly esteemed by Chinese consumers. Live seafood, especially lobster and abalone are symbols of luxury. For live seafood, there are generally four steps in China's distribution process: importation, distribution, sub-distribution and retail. Main entry ports are Shenzhen, Shanghai and Guangzhou. Some live seafood is also imported through traditional channels via Hong Kong.

Chinese consumers traditionally prefer live and fresh seafood products, but this is changing slightly: Research suggests that consumers are increasingly turning to processed products coupled with a rise in good refrigeration, although demand for live seafood is still dominant. Increasing demand

for frozen and processed seafood provides an opportunity for New Zealand seafood companies to launch value added products and processed seafood in the China market for direct consumption, rather than re-exporting product to other markets after processing.

China's appetite for seafood is expected to show strong growth for the foreseeable future, as the booming economy continues to raise living standards and the middle class grows.

Bear in mind that many things can be true! In a nation of more than a billion people, eight ancient cuisine systems with squillions of regional variations, and in a time here of incredible, palpable change, no one insight should be regarded as a single truth that can be applied to all things Chinese.

Rather, appreciate that the chefs in China deal with different

markets, are all of vastly different backgrounds. I say this because I would not want any of our producers to think that to meet the market needs here, marketing and product form should be shaped by a single set of views.

There is no such thing as a one-size-fits-all Chinese chef type, as much as there is no such thing as Chinese food, and the latter is certainly not the fried bits in fluorescent sauce that we think of as Chinese food! There is no " THE CHINESE"

Rather, it is an incredibly complex and layered culture and community, and of course this is part of its appeal and opportunity and at the same time, one of the bigger challenges. Different regions are markedly different culturally and will have different likes and dislikes.

There are many, rather than a single, opportunities to use cultural intelligence to smartly shape approach and products

for this market. I am often asked about the Chinese palate, and think that there are very few responses that could apply to all. Generalizing in this context may be misleading. I think that maybe from our own kiwi point of view it is easy to do- we are much smaller and younger and so there likely are generalizations here that do apply to us nationally. So this may go a way to explain our tendency to generalize as we seek to understand the Chinese consumer market. Its not that anything we have gleaned thus far is not true, it's that many more things are true. As far as I can see, soy sauce is about all that is absolutely common to all.

So this is where the sheer scale of China can lead to possible pitfalls. An example that comes to my mind is paua. I was surprised to see that New Zealand paua was mostly available in China in cans as a bleached product. I was told the bleaching was to accommodate the Chinese view that black foods are deemed undesirable. A view that is no doubt true for a portion of market, or at least for that portion that

was tested for the market development piece of this. But it is not true for ALL of the Chinese market, as I'll touch on later.

On the flip side of this is the opportunity- the scale within the scale. It may be helpful to view China as many opportunities rather than one big market. Chinese restaurants groups are a good example. Restaurant "chains", often viewed cynically in our culture as being inferior replications of a "true" original concept, are not viewed as such in China. There are quite literally hundreds of restaurants "groups", very usually with many brands and up to 500 restaurants per chain- sometimes more. You can be fairly sure that if a restaurant "hits", there will be many more of them. With a large and willing work force, generally with a terrific work ethic, replication without losing the magic of the first is entirely possible. In Shanghai alone there are 38,000 restaurants.

And this is a culture where, and for quite literally hundreds of years, restaurants and eating out are accessible to all, with venues ranging from small-street stands (that Shanghai is famous for) to operations so elegant and enormous it is beyond our Kiwi points of restaurant reference.  So there is a lot of financial faith in restaurant business plans and a willingness and desire to invest and expand. Restaurant chains flourish in this environment. There is a case to be made for coming up with approaches that do not fit the whole demographic of China- rather a custom approach to carefully identified customers.

Flexibility is key here- being willing and able to adapt product to customer needs, and listen to customer feedback and calls for support, will be what works. Everything is different in China, and everything is different within China, but the possible rewards for developing smart customer focused products are huge. I don’t know that New Zealand has been very good at this. I have seen examples where a

producer has ignored the feedback from chefs and lost accounts that my from my point of view would likely have grown to be huge. And I have also seen the opposite. Overall, willingness to listen is key to a people focused approach. Delivering to the customer better products and in the condition that the consumer wants will have us playing to win, not to just get by

The idea of getting just one dish based on New Zealand product on one menu in one of these restaurant groups has magical potential- one success could led to being on 500+ menus, often with very high volume sales, a very different effort to working chef by chef trying for success on each menu. This is of course the pot of gold, albeit a very complex and long haul one, to aim for.

That said, the single unit and hotel restaurants, where the footwork IS unit by unit, account by account, are often headed by ex pat chefs, and they are often the trend makers

and hence good venues for awareness and profile of New Zealand product. There are many top Chinese chefs who look culturally outwards for inspiration, and international chefs working in China introduce know how and ingredients to market. The proliferation of "fusion' restaurants speaks to this. As communications and information floods into China, and yet travelling is not easily possible for many restaurant workers, the desire to learn about "western" cuisine as points of innovation and thinking grows. So the ex pat chefs do tend to be influencers in market. An account with a top-level restaurant that is not chain based is good for profile, and although it maybe doesn't represent the big sales that a Chinese restaurant group can offer, it is a step in that direction.

By the way, as an aside, I do think that a seafood restaurant in Shanghai based on New Zealand supply would be a terrific way to get the word out about our seafood. As a marketing effort, the effect could be huge. Shanghai, like New York, is

in itself a global brand and seen, from within China, as the place where trends begin. It wouldn't even have to be a for-profit model, maybe a venture that holds its own but offers a venue to come and try our seafood within a restaurant experience. Currently New Zealand is seen as nice, remote, clean, all the positive connotations that NZ'ers all know. But New Zealand is just nice- not stunning, nothing dramatic or new, with little ambition or intentionality to push products into centre stage. This could change that.

I'd like to share some very broad insights from China from both our NZTE members in Beijing, Shanghai, Guangzhou, Hong Kong and Korea, and from David Caselli of New Zealand China Direct. These are based on conversations with chefs, importers and customers. Then I'll move down to feedback we get on specific items.

Imported seafood is highly esteemed by Chinese consumers.

It is an aspirational society and there is a large segment of populace who can afford to have the best and want the best. Our seafood is just that. Recent compromised supply from Japan and the USA also provides a window of opportunity. Live seafood, especially lobster and abalone, are symbols of luxury. Little branding of live seafood takes place in China, but there is an increasing awareness of country of origin and quality of product. Important nation based associations to bear in mind are that Canada is the place for Dungeness crab, oysters, lobster, and surf clams, Australia for lock lobster, crab, oysters, and abalone New Zealand: Rock lobster, mussel, and abalone (albeit the bleached and canned).

Understanding the supply chain is critical and there are real concerns around selling to distributors if you don't know the end use and don't spend any time here. This is dangerous for the whole industry. There is a concern that distributors or anyone on the supply line, for example, could inject our product with drugs to preserve their colour or lengthen their

life. This would have a resounding effect on the whole New Zealand seafood industry, and a catastrophic impact on the national brand. I am not sure of the challenges of vertical integration and accrediting the whole supply chain, but that sure would move this type of concern out. Fonterra paid a price, but learnt and moved on.

We are viewed as one national production capacity from China, and so a lamb failure can affect a fish sale and so on. One product affects another. New Zealand is jokingly referred to as China's farm, also denoting the perception that we are all one-production family. This slightly quaint view is not necessarily a negative: the perception that we are one with a people based approach helps in matters of trust as the maze of information and middlemen in the Chinese domestic food system mean that its pretty hard to get a straight answer on anything. We may be separate operators inside New Zealand, but from there, we are seen as one big producer. Which is why I am happy to see

initiatives such as the Greenshell mussels collective approach, a lot less confusing on the consumer end of things, as it becomes one New Zealand based conversation rather than many competing.

I have noticed a gap in the retail market. There is very little high quality western food that is packaged for quick meals at home in Chinese supermarkets, lots in Hong Kong, but not Shanghai or Beijing. And yet there are significant expatriate communities and many, many potential Chinese consumers who know good food of many cultures and who are educated and interested in non-Chinese food. Combine that with the desire for clean food, compounded by public suspicion around some local food production processes, and New Zealand could likely design some winners. I'm thinking about meals that are wholesome, easy to re-heat, high integrity meals. Meals that can be put together quickly after work. Convenience foods that are healthy and wholesome,

and clearly state the New Zealand production values on the packaging. It would be good to have health information on the packaging- not the generic composition information we use here, but data relevant to Chinese culture. There are many experts in China who could assist with this.

By the way, packaging is key to all perception. Anyone who has been to a seafood expo in China- and the annual one in Shanghai is a case in point- knows that eye catching packaging goes a long way in a market where you want to stand out. I have seen Japanese and Korean seafood products- frozen fish, both whole and filets - in Chinese supermarkets that have really beautiful artwork, instruction, nutrition and ingredient information in both Chinese and English, and a clear brand message.

I would suggest that ***all*** packaging- be it for retail, foodservice, or wholesale, and all marketing data, includes beneficial health information pertinent to the product, but

based on Chinese health systems. This information cannot be reinforced enough. The approach to food in China is far more holistic than ours. Food and health are not separated by doctors or antibiotics. Every food has attributable properties and this often extends into the recipe. Health data, reinforced by clean environmental information and food safety data, could be a potent combination.

Packaging is also critical for bulk packaging success- multi lingual shipping, handling, and temperature management instructions are needed, and FTA compliant labels are essential if your customer or distributor are to access FTA benefits. As David Caselli pointed out to me, " Do not expect a Chinese forklift driver to assume that a polybin needs to go in the fridge" Tougher packaging in small packages may be best. I don't think it's a matter of doing what the competition does, but delving into what the essence of the nature of New Zealand seafood is. I recently received a shipment of chilled finfish from New Zealand into Shanghai

and was instantly struck by the beautiful southern ocean smell as soon as I opened the package- our fish smells clean, like our waters. It may be good to consider reinforcing this by layering some kelp in with the fish and ice for shipment, to strengthen the smell and to add an overtly environmental element- you don't just get the fish, you get the whole Pacific environment and experience!

If at all possible, live fish is the way to go. To appeal to Chinese chefs and to most Chinese consumers, live is the only way to go. Anyone who has been to the enormous Chinese fish markets in Dalian or Shanghai or Guangzhou knows this. The seafood markets are multi-block and is nearly all live seafood in tanks- shellfish, fish fish, turtles, crustacea and many things we have never seen- all tanked and sold live. There is a large dry component also, but live is the feature. Additionally, most good restaurants, and definitely seafood restaurants, have tanks that house the fish live and I was told by a top chef in Beijing that many of

the distributors of live fish also supply and manage the tanks themselves and even include a staff member to kill and prepare the fish when it is ordered. He pointed out that when this person is not busy with fish, he helps out in the kitchen generally, offering the chefs a double asset. There is no way around the overwhelming preference for live fish, and although it may be tough to compete with live fish being trained in from Russia, it is worth exploring a live, premium top of the market approach. I have recently heard about a success from the Chathams to Auckland with live fish- onward to Shanghai is the next step! I doubt we can change the market to accept chilled fish over live here, and although we have successfully introduced chilled fish to Shanghai recently, this will always be the small Western focused market segment. It would likely cost more to educate and communicate the values of chilled, as opposed to live, fish to the Chinese market than the costs in logistics of bringing live in. Given that we are an expensive producer, this may be the market for us. Live gets a premium. This may not be the

easy market, but it *will* be the market, and will increase to become more so.

Hong Kong consumers also prefer live seafood and they are willing to pay a premium for live products. Because Chinese seafood restaurants usually place large fish tanks in the restaurants where live fish is visible to their customers, fish colour is also an important factor affecting the price of the fish. Red is always preferred as red is a colour associated with luck and celebration. For example, price for live coral fish in red colour will be priced higher than other colour coral fish.

Live and fresh fish are also popular in the retail sector in Hong Kong. Live and fresh fish found in wet market and local supermarket outlets are mainly local product supplied from local farms and local fishing boats. With the increasing awareness and concerns around food safety, some consumers have turned to high-end supermarkets which in

turn have invested in facilities for selling high end live and fresh chilled seafood products imported from countries like New Zealand and Europe. Supply programs have been worked out between the supplier and retailer that include running in store promotions from time to time. Trophy fin fish have not been tested, but could well fit with the aspirational nature of the market. Especially buffets wanting a point of difference. Sashimi grade fish is a growing market and is likely to continue with the reduction of Japanese supply. Norwegian salmon supply is hitting limitations, so we can expect some shift into other species. Snapper and Kingfish are now being bought for sushi restaurants and now, because of the situation in Japan, now is the time for some aggressive marketing to sushi restaurants.

In Hong Kong, fish is usually very simply steamed with soy sauce and spring onion in Chinese restaurants whereas western chefs tend to deep fry or pan fry the fish as they are ok using frozen fish in their menu. Most households in Hong

Kong and mainland China do not have ovens so recipes like baking fish or greenshell mussels will not help.

As far as oysters go, I personally love the frozen on the half shell Pacific oysters as they are the only frozen oyster that I know of that thaws out to be pretty much as good as good as live fresh, and I can certainly make a case for them with chefs that I personally interact with as a convenience item. I just got them on a menu in Hong Kong both as a raw bar item and in an oyster martini. Pricing will always run the show with oysters. And “live” will likely be the preference still as long as the big oyster presence is still on iced buffets. We face price competition from other Australia. Frozen are accepted, but live are preferred. Expect more pressure for live demand. Don’t expect significant growth in frozen half shell.

Paua awareness is still fairly limited in China. Because abalone is typically pale, our black product is generally an

unknown and treated as such until usage is demonstrated. In Korea, Beijing, Shanghai and Hong Kong, I have had to stop chefs from scrubbing the black colour off. In Hong Kong, even though I insisted they leave the colour on for a soup I was making, as soon as I was out of the kitchen the chefs spent two hours scrubbing the black off. However, once I cooked it and they tasted it, they were thrilled to have a new novelty product in their kitchen and this has now become a menu item. I spoke with one importer who was dismayed at the lack of support he had from his paua supplier in New Zealand, the newness of the product was tough for him to overcome alone although he had taken it upon himself to create a powerpoint presentation in Chinese language as support. He compared this lack of support from the New Zealand producer to the abundant support he had received from the Norwegians when salmon was first being introduced to China, which was a 20+ year marketing and support effort that ended up with Norway virtually owning the salmon market globally. I think it is important to

remember that our products, as familiar as they are to us, are completely foreign to China. Imagine how we would feel if a piece of dried jellyfish was dropped on our plate and we were told we should know what to do with it.

Paua is also a surprise to chefs as they are used to cooking abalone for a very long time, so when I demo the quick cooking time of paua, it is a bonus. And of course the beauty of the shell is a great plus. I think paua has the capacity to be a good building block of the national brand as it is absolutely unique, has an indigenous message, is really good and presents attractively. However, the right support is needed. At dinners I have given with paua on the menu, there has always been a call to the supplier the next day. In my opinion, paua could be the next big thing in China and open the door to the bigger New Zealand conversation. I haven't explored the pros and cons of live paua, but have seen a similar live product in the Shanghai market. Jack Yaw, the chef of the Hyatt in Beijing, thinks that frozen

shellfish has a shot, only a shot, in the usually " its gotta be live" market as shellfish are known as scavengers and better a frozen product from a trusted aquatic environment than a fresh product from a polluted environment.

I am working with David Desmond of NZTE Beijing on a paua event in July at the restaurant of the number one celebrity chef in China- Dadong, which could prove to a be a page turner for paua in that city. Dadong is like a total rock, of the Mick Jagger genre, wildly charismatic and a trend maker in that city. When I met him, was tweeting as we ate and he has real traction with the media. Chinese chefs from other restaurants, especially from second tier cities, are known to get work incognito in his kitchen to steal his secrets. If he likes paua- and I am sure he will- it could become the black truffle of the sea!

In Korea a chef friend told me that there is a type of Korean abalone found in that is favored by two neighboring villages,

albeit differently. One village uses only the muscle meat, and makes a type of rice porridge with it. The other uses the gut sac to make the same porridge, with the gut contents giving the soup a bluish black color. Both villages consider them to be local favorites and travel to each other for the others dish, never transferring it back home! My chef friend observed from this that the "black" tinge of paua may not be an obstacle in Korea, rather an asset. I had been told by producers here that there was an absolute aversion to black foods in China and hence the bleached paua product. However, this may be true for some markets but not all- black foot chicken is popular in most of China for its healing powers, associated to the black colour, and black fungus is a very common food item. So there is room for all and a case in point where one size does **not** fit all. I would welcome any Maori information on paua to add to my message, be it historical, myth or story based, or health based.

Mussels are reasonably well established in China and well identified with New Zealand. I have noticed that they are largely served looking sad and unadorned on buffets, so my approach with them is to introduce new recipes to diversify usage. I think that up-playing all and any health properties would add another level of sales. Fresh mussels have been coming into China and from my point of view, will be a winner. I'd recommend the packaging thinking again- maybe some seaweed would add an appealing element and once again clear handling directions in both languages. Don't be shy about adding personality to this- comic book type characters get great traction in Asian marketing. A kind of animated "Happy Clam" mussel cartoon type character cheerfully dispensing handling instructions and health info may make this attention worthy. With a 10-day shelf live, a love of live shellfish, and a product that is easy to shift around, live mussels will do very well.

New Zealand's seafood presence in Chinese restaurants is

best illustrated by Rock Lobster. High-end Chinese restaurants sell rock lobsters as a luxury product. Since Australia and New Zealand rock lobsters are homogenous, the Chinese consumer has been led to believe that all such lobster is from Australia. Therefore, live lobsters from New Zealand despite the actual high volumes in market, remain completely unknown at consumer level and thus are not been demanded by name. I have heard about some branding ideas that would differentiate the Aussie from our lobster and thing that is this was done right, could be a winner.

Clams and other shellfish will do well live also, with all of the same thinking as above. The kiwi water environment is half the sell, so anything that reinforces this will help. If live and with persistence, the New Zealand clam line could enter into markets of Shanghai and Southern China. Purity, purity,purity. Bear in mind that in the North, clams are compared too frequently with domestic clams and they are

therefore captured and perceived as low value. So it may be best to concentrate on the big cities and on Southern China.

I was recently in Korea for the KINTEX Trade show and then a kiwi food promotion at the Hilton in Seoul. NZTE's Trade Commissioner there, Graeme Solloway, gave me some insights to share.

Korea is our 6th largest seafood export market, with $44m exports in 2010, but lags well behind the top 5 of Australia, Hong Kong, US, China and Japan ($121m in 5th place). However, Korean vessels capture significant quantities of fish from NZ waters under quota – which is not treated as a NZ export, landing in Korea as domestic catch.

Over last ten years exports to Korea have fluctuated between $30m and $63m, with little evidence of growth in value.

Squid, mussels and frozen Hoki roes are the largest part of the trade. These three items made up 80% of our seafood exports to Korea in 2010. Frozen Hoki roes are used as filler

for higher quality domestic Pollock roes in traditional Korean dishes.

The other 20% includes eels, dogfish, snapper and a few other species.  A little bit of salmon creeps in, but Korea is dominated by cheap Norwegian Atlantic salmon.

Whilst Koreans eat a lot of seafood, they do so in ways very different to western forms. Raw fish – sashimi and crustaceans are very popular – with an emphasis on fresh and local product.

Cooked seafood tends to be in stews and soups, often heavily spiced with kimchi or gochujung (hot red pepper paste).  Almost all home-cooked seafood would be consumed in this form.

Some oilier fish may be grilled over a bbq, such as mackerel; and there is a large amount of local fish dried and shredded for consumption.

Seafood buffet restaurants have been popular although are now in decline, they have traditionally have been a good

outlet for green-shell mussels presented in a half-shell form.

Western forms of fish preparation are typically found in higher-end restaurants that cater for western-influenced wealthy Koreans and foreigners.

An exception may be the plethora of Italian-style restaurants that can be heavy on marinara type dishes – often-Korean "fusion" style – and which are now widely found throughout Korea.

Many Koreans believe the best seafood in the world comes from the waters off Korea.

However, in reality much of their seafood comes from much further away. But this strong preference means that seafood channels, particularly into the mass market, are disincented from differentiating on basis of location of catch, if not local.

As a result there is virtually no NZ seafood brand developed beyond Greenshell mussels. And even with mussels Koreans will often substitute local black mussels if price differentiation is too high.

Korean control of in-market distribution and channel management means that conditions are unlikely to change. Demand factors in the mass-market will continue to be unattractive to innovation and brand development. Nevertheless there are good angles for the market development of New Zealand seafood, especially in High quality "western" style restaurants, where there is desire from chefs for superior seafood products as good as is found elsewhere in the World. Convenience driven retail applications, where hypermarkets in particular are looking to launch new products that can be readily consumed by middle class Koreans who are getting steadily wealthier and more adventurous in taste. Product and recipe development are critical, packaging also.

Koreans do put an emphasis on quality of presentation. It is very important that product looks fresh and that this can be assessed at point of purchase.

To access high quality restaurant or hypermarket channels requires NZ seafood companies to take control of the in-

market distribution network, so that NZ product attributes can be built and maintained, and quality ensured. Ideally this would be achieved through NZ owned distribution, but can also be managed by partnership with forward-thinking Korean business. The partnerships and investment made by Zespri to develop the $70m kiwifruit market in Korea and maintain the value of NZ kiwifruit against aggressive Chilean competition is an excellent model.

Food safety has become an increasingly important issue in China: Due to higher living standards, consumers increasingly prefer environmentally safe, non-polluted foods. High-end food products of better quality and well-known brands have a growing market share. Barely a day goes by without some outrage over food production practice grabbing the headlines. The big change may be that there **are** reported stories, and a more public concern level has thus been recorded and fueled. There is a group now in Beijing that has started urban community gardens

And I quote a recent story in CNN:

*Amid deepening public concerns over the country's food safety following a wave of recent scandals, China's highest court has ordered judges nationwide to hand down harsher sentences, including the death penalty, to people convicted of violating food safety regulations. It also called for harsher punishment for government officials found protecting food safety violators or accepting bribes from them. From milk laced with melamine, pigs fed with performance-enhancing drugs to watermelons juiced up with growth-stimulating chemicals, a series of recent scandals have outraged Chinese consumers, despite ramped-up government crackdown and state media campaign against food safety violations.*

Seafood In The World News Daily in 2007, an article read:

*"FDA inspectors report tainted food imports from China are being rejected with increasing frequency because they are*

*filthy, are contaminated with pesticides and tainted with carcinogens, bacteria and banned drugs."*

Then later in 2008, a New York Times article reported that, and I quote:

*"The Chinese agriculture ministry said a recent crackdown on the use of illegal veterinary drugs had significantly improved the quality and safety of the country's seafood production…. Water quality is the top issue for Chinese aquaculture," Ding Xiaoming, the director for aquaculture in the fisheries bureau, said. "Without good water quality, Chinese aquaculture cannot develop. "" The government's effort is aimed at restoring confidence in Chinese seafood exports after a year of food and product safety problems involving a wide range of goods, including tainted seafood, toxic toys and toothpaste"*

Trust around food safety is the issue here. Tourism New Zealand has done a terrific job of marketing New Zealand's

appeal as a pristine destination with terrific natural qualities. Destination tourism is essentially marketing the same asset as we have for good food production: purity of air, water and environment. While this is based on truth, I think we need to offer more than imagery. I personally have been getting asked hard questions: what does "pure water" mean? The telling line in the New York times article is ""*Without good water quality, Chinese aquaculture cannot develop* "

And I get asked about soil quality? What are the nations indigenous assets? How about fertilizers? Tell me all about quota? What does Chinese organic mean in the New Zealand production context? How about food safety?

These questions are largely new and are a result of the food supply issues in China. Food safety has long been our trump card, and this, combined with environmental purity, is a good recipe. I'd be ready for harder questions though and suggest that authoritative back up data is available to your

distributors or is even referenced in marketing. If there is a university study that supports ocean quality or the like, have it ready. And bi-lingual. But I think that to fully own this space in the market - indisputably, authentically, eternally - we'd better back our message with hard data that is easily accessed by the chefs. Before someone does it better! And because at the core of this trust is the matter of accountability, which requires likely the same data. Oysters from New Zealand, for example, would be well supported with hard information on water quality, and this in turn of course reinforces the national brand as a whole. The "trust" is brilliant, real and sexy, lets build upon it.

There is a growing sense of a "conspiracy" type culture that is growing in the public mind. I doubt things are as bad as the media makes them out to be- there are certainly 1,000's of fine Chinese producers, I certainly eat out at every type of food establishment every day and have never been ill- but

the point is that that the media is a reflection of genuine public concern, and food safety is incredibly difficult to monitor on a scale as large as China's. Even the word "organic" is rather murky. This creates a huge mistrust of food systems. I lived in New York City when the locavore movement took root, and also when organics became government certified- both reactions to food systems that were basically broken. Sustainable food systems were seen (and likely are) as the solution to national health issues- obesity in particular, common where highly processed foods have replaced what we would call real food. Companies like ECOFISH out of Maine worked with protocols that were based on quota based wild catch with fishing methods that were environmentally friendly and did not damage other fish- dolphins etc- were part of the company cache.  Salmon farms that were wildly overpopulated and hence heavily dosed with antibiotics, were " exposed", all sorts of animal welfare debates sprung up. Now the same dialogue is popping up in China.

Typically, large scale in business is seen as a competitive asset- but maybe not. What happens when food production becomes industrial in scale, manufacturing rather than people based farming, fishing and growing? Where is the trust factor? You all know what it's like calling for customer service from a bank or credit card company and getting endlessly re-routed to various extensions without ever getting to speak to a real person, and the sense of relief that engenders. Let's **us** be the real people in this.

ECOFISH's website tellingly has a page called MEET THE FISHERMEN, which I think is core in this story. Farmers markets and Community supported agriculture initiatives took hold, especially in the large cities, because people were so disconnected from the source of their food supply that to meet the grower- the farmer- was a way of rebuilding the trust. Relationships that we have likely taken for granted in New Zealand- such basics as knowing farmers, fishermen

and other producers- are where this begins. ECOFISH recognized the value of branding with real people. Small scale producers- and this includes all of New Zealand's capacity- is people based with human stories and tangible message, often business that is family based or of family origin. I recently visited Southern Clams, Sacred Hill Winery and a beef farm in Otago and was reminded and struck by who we are as a producer nation: the beef farmers genuinely cared about the health and treatment of his cattle, the staff at Southern Clams have a profound concern for the clam environment and it's purity, and the vintner had a very rooted connection to his craft- pure love of the land, of wine culture, of gardening. Not surprising of course when we are essentially a nation that only a couple of generations ago were nearly all farmers (most of us have grandparents who were farmers or fishermen). In short, a nation that has real integrity around food production, it's who we are. In short also- this all that is trustworthy. Many of your businesses started as family concerns or iwi based efforts, and this is

the humanistic piece that I think the world is craving. Farmers markets have spread like wildfire because people want to meet the farmers. People want to be able to look them in the eye and engage in a real relationship with their food producer and thus their food. This is a part of the food chain too- that is, ***you*** are a part of the food chain. New Zealand has always been a nation of farmers markets. By staying the same- we have ended up ahead of the game. Let the other nations brag about their volume capacity with slick marketing. New Zealand can be the boutique nation with people based production. Let's put the **people** into marketing and message.

This IS our cultural branding, although I hear the term most often in reference only to Maori business. I think that any and all Maori relevant information builds a terrific point of difference in market and further extends the people story of New Zealand. Maori information further differentiates us from other competitors and builds the cache of who we are and how we produce food.  I would suggest that any New

Zealand cultural information that speaks to health and environmental protocols is very compelling and would contribute heavily to both the producers message but also to the national brand. Maori and pakeha cultural information are both the New Zealand brand as a whole and paint a dimensional national personality. It’s who we are. And, I guess my point is, consumers do care.