



## Business Proposal

Team #: **239**

Client (Company): **TTT Think Tank Tactics**

Chosen target country: **New Zealand**

### Product/Service

**TTT Think Tanks Tactics offers two products to diagnose estrus in dairy cows. The first product is a chemical solution, this reacts with pheromones, showing a color if the cow is in estrus and thus ready for breeding. The second product is the testing unit that the reaction occurs in. TTT's product has been carefully formulated and tested to provide information at an unprecedented 99% accuracy.**

Total Pages: 35

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### **Executive Summary:**

Think Tank Tactics (TTT) is an innovative company entering the market of estrus detection in dairy cows. Although this company is still very young, they are ambitious and plan to go global with their product. This product is different to all other products, as it gives highly accurate results based on chemical reaction, while existing products are all behavioral based.

For this product to be successful it is paramount to have a large, growing dairy industry, in order for a small company to increase market share. Although TTT has considered the first step for internationalization to be Europe, we challenge this by suggesting New Zealand. The growth in New Zealand's dairy industry is unparalleled. Culturally there are only minor differences with the United States, therefore similar strategies would be successful, however a number of vital differences are expounded.

We argue direct export into New Zealand, as minimal capital is required. Regarding distribution we suggest stocking in nationwide retailer chains. This will require relationships from an executive level with these retailers in New Zealand. Although the majority of export management can be undertaken from the United States, a small number of staff will need to be employed locally. These staff members will work in sales and marketing. Guerrilla marketing is best for TTT, the objective with such a strategy is to use atypical tactics to create as much exposure as possible with minimal resources. This report outlines two possible detailed guerrilla-marketing strategies, with one targeting national dairy industry awards.

The New Zealand dairy industry has a number of competitive advantages. One example is being largely low input or a grass-based system, however this requires farmers rely heavily on such estrus detection products.



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# 1.0 Introduction.

## 1.1 The Organization: Think Tank Tactics.

Think Tank Tactics (TTT) is a small innovative company looking to expand overseas. (Market expansion outside the United States (USA) is an objective). Their chief marketing officer believes the European market is the best step in order to achieve their expansion objective; this statement is based on research undertaken.

The objective of this report is to challenge this research and add to information already obtained by TTT.

This company began in the southeast of the USA and plans to operate throughout the USA by mid 2014. Currently TTT has only 3 full time employees and offers two products (Taras, 2014). TTT does not have a website as yet, therefore, personal communication with the owner was undertaken for this report.

TTT has an innovative product to determine estrus in a dairy cow. The competitive advantage of this product is the extraordinary 99% accuracy.

# 2.0 The product.

TTT has technically two products, which are used in tandem. Consequently for the purpose of this report, we will consider these as one product. The first product is a cotton swab, which is meant to collect some nasal mucus from cows. This product is then put into the second product, a test unit, in order to chemically assess whether the cow is in estrus. (J. DiBella, personal



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communication, March 13, 2014).

Estrus is a period in a month in which a cow is fertile. Roelofs et al. (2005) stress the small time period of possible successful fertilization. TTT's product is a necessity for farmers considering that cows are only able to come in calf 12-24 hours in a month. If the cows are indoor and milked all year through, such a product is still used, but arguably not as necessary as a grass-based system. In that system, the farmers need all their cows to calve in the smallest possible time frame, which will be elaborated below.

This product is different from existing products, as they are all behavior-based. During, as well as directly before and after estrus, cows are receptive to reproduction. During this period, cows ride each other, which means farmers can glue patches to the back of a cow that change color with rubbing or compression. Additionally, farmers paint the back of cows, which rubs off easily. So existing products are relying on the behavior of cows, are susceptible to weather, cows rubbing against trees and do not clarify the specific 24-hour period.

This product can be profitable in any country with a strong dairy industry, as this product is developed solely for dairy cows. A strong dairy market would be a large total amount of cows, growing in cow number as well as economically.

TTT's prior research has indicated Europe as the next logical step outside the United States (J. DiBella, personal communication, March 13, 2014). Without saying this is wrong, the current report challenges the choice of Europe, suggesting an alternative using economic based criteria. TTT prior research rationale suggested European farmers adopting new products easier (J. DiBella, personal communication, March 13, 2014), although this may be correct, we err on the



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side of caution in stereotyping Europe as one market. Cultural differences are immense across Europe when relatively compared to each other and the United States.

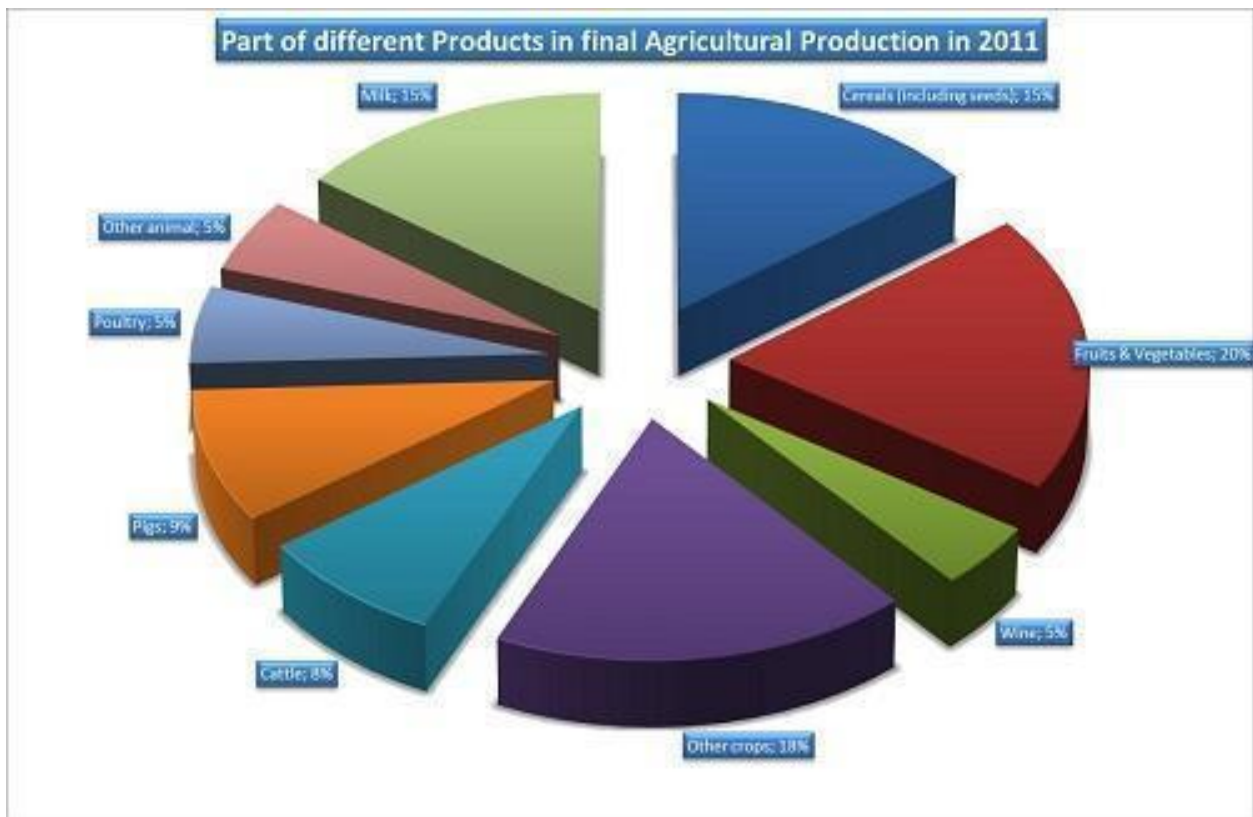
### **3.0 Market Opportunity Analysis.**

#### **3.1 European market.**

TTT has stated that it is very interested in expanding into the European market. The dairy industry represents a sizeable part of the European economy. However this report advises TTT not to stereotype Europe as one region, for cultural and economic reasons.

According to the European Commission “milk is the EU number one single product sector in terms of value at approximately 15 % of agricultural output” (European Commission, 2014). In 2011, milk production in the European Union was estimated to be “around 152 million tons per year” (European Commission, 2014). The hope is that production will continue to grow in the future.

Some may argue that turning farms into factories constitutes cruelty to animals, reducing them to pieces of machinery on an assembly line. In terms of economy, this trend may be the only way for the dairy industry to thrive. Stock and Wurger (2014) mention how, in 2015, the EU plans to phase out its milk quota system. For years, this system was responsible for regulating “precisely how much milk each farmer was allowed to produce” (Stock & Wurger, 2014). When the system expires, farmers will be able to decide for themselves how much milk to produce. An explosion in growth is expected, and it is predicted, “dairy farms will become bigger and more industrial and the price of milk, already lower than it should be, will fall further” (Stock & Wurger, 2014).



**Figure 1. Part of different Products in final Agricultural Production in 2011.**

(Figure 1 retrieved from: European Commission, 2014). Although this information creates an overview of Europe, we will focus on individual countries in order to better understand the market.

### **3.2. Germany Market overview.**

As the largest producer of milk products in Europe, Germany could stand to benefit greatly from the removal of such production quotas. Farmers would be encouraged to grow their businesses and invest in new ways to make production more efficient. The rationale is the greater the production of milk products, the greater the amount that Germany can export around the world. (European Dairy Association, 2013)



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According to the European Dairy Association “there are 82,865 dairy farmers in Germany, with more than 4 million dairy cows, producing a total of 30.3 million tonnes of raw milk per year” (2013). The dairy industry has a history of being very profitable in Germany. Employing a little under 30,000 people, “the German dairy industry has an annual turnover of around €22 billion” (European Dairy Association, 2013).

As noted earlier, Germany produces around 30 million tonnes of milk. Around “14 million tonnes, almost half, is intended for export,” going around the world in various forms, such as cheese and yoghurt, to countries like Italy, Russia, the U.S., the Middle East, etc. (European Dairy Association, 2013).

One thing to note about Germany is that the dairy industry, like many industries, is changing. Large factory-like farms are replacing small family-owned farms. Stock and Wurger (2014) discuss this trend. They mention one of these facilities in the town of Bissendorf, run by a man named Ulrich Westrup. Westrup’s facility has cows numbering around “600 and produces 6 million liters of milk each year” (Stock & Wurger, 2014). The cows are located in stalls, and electronic sensors are used to monitor the cows and determine when they are ready for production (Stock & Wurger, 2014).

### **3.3 United Kingdom.**

One can argue that the United Kingdom (UK) is a questionable option for TTT to expand into. The dairy cow numbers have been declining steadily since 1980 (House of Commons, 2011). Table 1 shows this market condition in the UK, with cow numbers declining nearly 50% over the





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past two decades.

One of the reasons for this is the input cost. The cows have a varied diet, so farmers are vulnerable to inputs, such as wheat and barley prices. One of the latest academic studies completed in the UK explained this: “Input prices and their effect on profit were found to be a major driver influencing decision making as they account for the majority of variation in profit” (King, 2013, p.5). Further this study also explains that regulations, such as quotas, are affecting this UK milk industry.

**Table 1 Retrieved from Library House of Commons.**

	England & Wales	Scotland <sup>1</sup>	Northern Ireland	United Kingdom
1980	2,672	282	270	3,224
1985	2,580	274	294	3,148
1990	2,324	245	278	2,847
1994	2,205	235	274	2,714
1995	2,103	226	271	2,600
1996	2,079	225	281	2,585
1997	1,981	217	279	2,477
1998	1,934	216	288	2,438
1999	1,938	214	286	2,438
2000	1,844	207	284	2,335
2001 <sup>2</sup>	1,760	196	295	2,251
2002	1,730	199	298	2,227
2003	1,703	198	290	2,191
2004	1,645	195	288	2,128
2005	1,575	197	291	2,063
2006	1,495	199	285	1,979
2007	1,470	198	286	1,954
2008	1,428	192	289	1,909
2009	1,385	187	285	1,857
2010	1,381	185	281	1,847

Notes: <sup>1</sup> Provisional June Census Data.

<sup>2</sup> Figures for 2001 should be treated with caution due to the foot and mouth disease outbreak.

Source: DairyCo, *Cow Numbers*

In summary, this table portrays the situation. It is hard to recommend a new company to enter such a subdued market. Cow numbers have been declining now for over a decade, while overall in the UK the market has nearly halved. Note also, that when herd size is growing, the industry is investing and more likely to purchase an innovative product.



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### 3.4 Market analysis overview, Table 2.

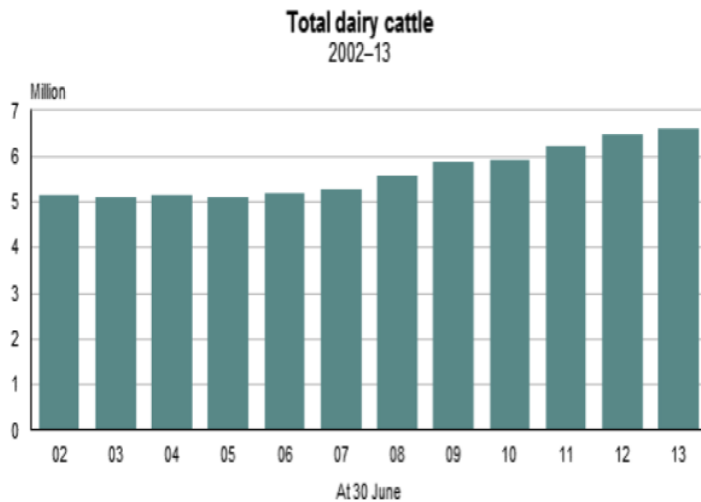
	New Zealand	United Kingdom	Germany
<b>Herd Size</b>	Over 6 million	Under 2 million	Around 4 million cows
<b>Growth/Decline in Herd Size</b>	20% growth since 2005	50% decline in past two decades	Less than 1% growth since 2011
<b>Economic Value NZD (x-rates.com)</b>	\$15,956,660,998	\$5,540,600,999	\$30,393,659,999
<b>Sources</b>	Fonterra (2013) & Stats NZ (2013).	House of Commons (2011) & Dairy Co (2013).	European Dairy Association (2013).

Table 2 provides a summary of the countries used in the market opportunity analysis. Three economical factors are compared as a measurement of market analysis. Herd size is important as the product is used on a per cow basis. Secondly, growth is important as it reflects a market that is investing and likely open to new products. Also market share is easier to attain in a growing market. Thirdly, an economic value is used as an additional evaluation of market size, however note, both the UK and Germany are subject to government subsidies.

### 4.0 New Zealand dairy industry.

The New Zealand dairy market is an interesting prospect for TTT. This is a unique market. Considering TTT's product is directly for dairy cows it is important to note New Zealand's total dairy cow numbers are growing. As portrayed in figure 2, since 2005 the total numbers have

increased over 20%, this has been a gradual consistent increase (Statistics New Zealand, 2013). Product one is disposable therefore directly correlated to cow numbers; therefore the market can be measured in terms of total cow numbers.



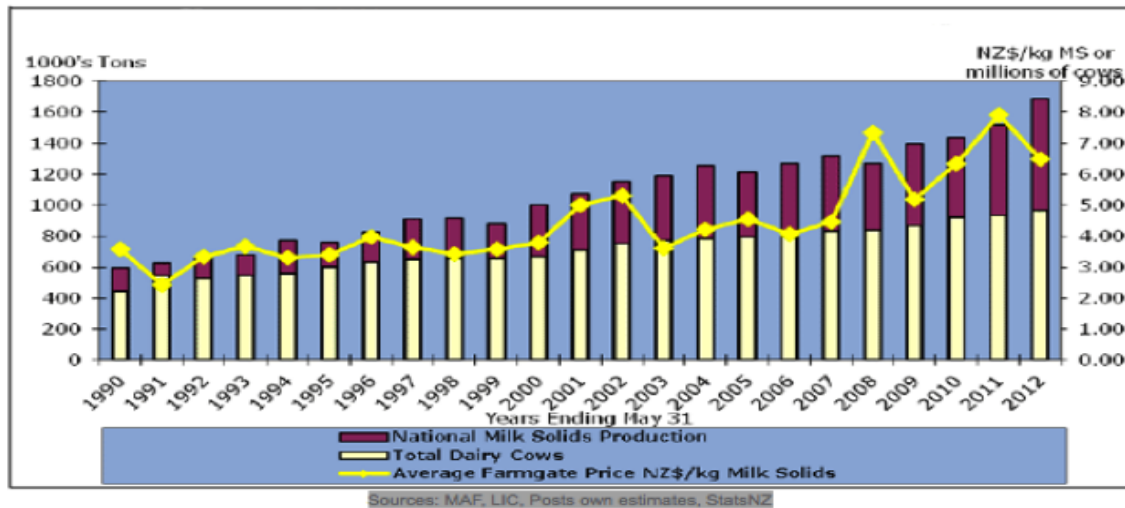
**Figure 2. Total dairy cattle.**

Retrieved from: Statistics New Zealand (2013).

The majority of New Zealand dairy farms sell through one co-operative, owned by over 10,000 farms (Fonterra, 2014). This co-operative accounts for 30% of the world's dairy export market (New Zealand Trade & Enterprise, 2014).

Figure 3 portrays the New Zealand dairy industry in one graph. What is important here is that everything is growing or increasing. The total national production, total cow numbers and, important for the farmers, how much they get paid per kilogram of milk solids (kg MS). Farmers get paid for the percentage of solids. This is the protein and/or fat in the milk, creating a measurement value in Kg. The yellow line in Figure 3 shows what an appropriate figure is to gauge the market conditions. The yellow line for 2013/2014 will go sharply up, the NZ\$/kg MS.

Fonterra's forecast for 2013-2014 financial year is currently at NZ\$/kg MS 8.30 (Fonterra, 2013).



**New Zealand: Average Cow Numbers Per Herd and Average Milkfat Production Per cow**

**Figure 3. New Zealand numbers.**

Retrieved from: The Dairy Site (2013)

#### 4.1 Competitive advantages regarding New Zealand's dairy industry.

It is also important to note that New Zealand dairy farms are grass based or are low input. The cows are outside all year round and their diet consists predominantly of grass. The cost of growing grass does not increase significantly. The cost only increases marginally, for example: inflation and exchange rates will affect the price of fertilizer and herbicides, etc.

The price of growing grass has not increased significantly, so any increase in the prices of milk solids increase the farmers' level of disposable income. Furthermore, the objective of a New Zealand farm is to synchronize peak cow lactation and maximum grass growth. A cow's peak



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lactation period is between 50 - 90 days after giving birth. (DeVries et al, 2003).

The peak grass growth in New Zealand is in October, although this is somewhat variable depending on the area (Dairy NZ, 2014). Therefore in order for farmers to synchronize the peak cow lactation with the maximum grass growth, they must calf their cows with an as tight as possible spread of 50 – 90 days prior to October. Cows that are not in gestation are culled each year, considering most New Zealand farms don't milk through the winter.

Dairy farmers overseas do not have the pressure of having a tight calving spread. Overseas dairy farms generally milk all year round and calf all year round.

The significance of this above information is that New Zealand farmers only have two or three chances in order to successfully detect the estrus period in a cow. Therefore there is a greater demand of such products to assist in detecting the estrus period.

The above empirical information in figure 2 and 3 portrays a phenomenal growing market. Cow numbers have increased over 20% in the last 10 years, while the price the farmers get for the milk solids has nearly doubled. However, the production cost of MS has not risen corresponding to the farm gate milk price. This has created a large bout of disposable income for dairy farmers in New Zealand, creating a unique opportunity for TTT to go global.

Considering this information as well as the fact that there are no quotas on milk production as in Europe we select New Zealand as the ideal market for TTT. Although this is a growing market there are a number of entry barriers that ought to be considered when entering New Zealand.



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### **4.2 Entry Barriers into New Zealand.**

#### **4.2.1 International benchmarks.**

A number of recognized ranking systems provide a picture of doing business in New Zealand when compared to other countries. For example, the 2013 World Economic Forums Global Competitiveness Report positions New Zealand 18<sup>th</sup> (Schwab, 2013). This is a world leading report that analyses 141 countries. This report is based on a broad range of metrics, from economic, health and infrastructure measures.

A further benchmark can be taken from the World Bank's Ease of Doing Business report (2013). New Zealand is ranked 3<sup>rd</sup> best in the world. This benchmark is specific to doing business in New Zealand. The New Zealand Treasury explains this report as a figure of "the regulatory ease of starting a business" (2008, p.5).

### **4.3 Import Tariffs.**

New Zealand is a unique country to export to. The majority of products has no import tariff and is only subject to a common 15% Good and Services Tax (GST). New Zealand has a free trade agreement with a number of countries, but of yet not with the United States. The Ministry of Business, Innovation & Employment (MBIE, 2013) lists products that have a specific tariff, however TTT's product does not fall into any of these categories, so would only be subject to GST.

### **4.4 Biosecurity.**

New Zealand is arguably the strictest in the world regarding biosecurity. All products



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exported to New Zealand will require unique customs declaration. TTT will have to register with customs for a declarant code. This declaration can be done online, however for TTT this report suggests “Electronic Data Interchange (EDI) software from a private provider. EDI is the global standard platform for exchanging business data used by all large-scale importers” (MBIE, 2014).

### **4.5 Intellectual Property (IP) Protection.**

Although New Zealand rates high on international benchmarks for doing business, it is important for TTT to note that IP protection is different in New Zealand compared to the USA (USA Embassy, 2014). For example, all USA registered patents and trademarks must be registered with the Intellectual Property Office of New Zealand (USA Embassy, 2014). Legally in New Zealand, there is no such thing as an international patent. If TTT registered their patent in New Zealand, it would be valid for 20 years (New Zealand Intellectual Property Office, 2014).

### **4.6 New Zealand summary.**

New Zealand is a country located 2,012 km from Australia. It has a parliamentary democracy and its official language is English. The monetary unit is the New Zealand dollar. It is a country with a growing economy, with minor import tariff protection. Also the dairy farmers are not subject to production quotas as Europe. New Zealand is part of GATT (General Agreement of Tariffs and Trade), which makes its economy relations easier and proves that it is a country open to new companies. Culturally New Zealand is similar to the United States, however there are a number of important differences as described in section 7.1.3.



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### 5.0 Market entry mode.

For our market entry mode, the best way for TTT to enter the New Zealand market is to directly export its product. There are several advantages to directly exporting. One advantage is the low risk and low investment needs, something vital for emerging companies. Direct exporting does not have high development cost so profits come immediately. According to Tekle (2007) “foreign sales over the long term, once export development costs have been covered, increase overall profitability.” Another advantage according to Tekle (2007) is that “going international can yield valuable ideas about new technologies, new marketing techniques and foreign competition.” This is the rationale for TTT to engage in direct export. Further TTT can gain access to a foreign market, spread the word about its product, increase sales, and learn about what else there is out in the world in terms of where and how it can do business, as well as who they may have to compete against in order to do business.

To be fair, there are also challenges when it comes to businesses directly exporting their products. Firstly control over the product, TTT will not have a direct subsidiary in New Zealand so there will be a lack of control and profits will not be as high as if produced and sold directly by TTT in New Zealand. Melanson (2014) provides an example of a small company in a similar resource position going global. This company quickly grew from 2 to 150 staff.

There are many different tools, which TTT can utilize in order to directly export its product to New Zealand, and to other parts of the world, if it should choose to. The biggest tool that it can use is the Internet. Tools like Google, Facebook, and Twitter can help TTT to get its voice heard around the world with little cost. By getting noticed, more and more people and businesses will





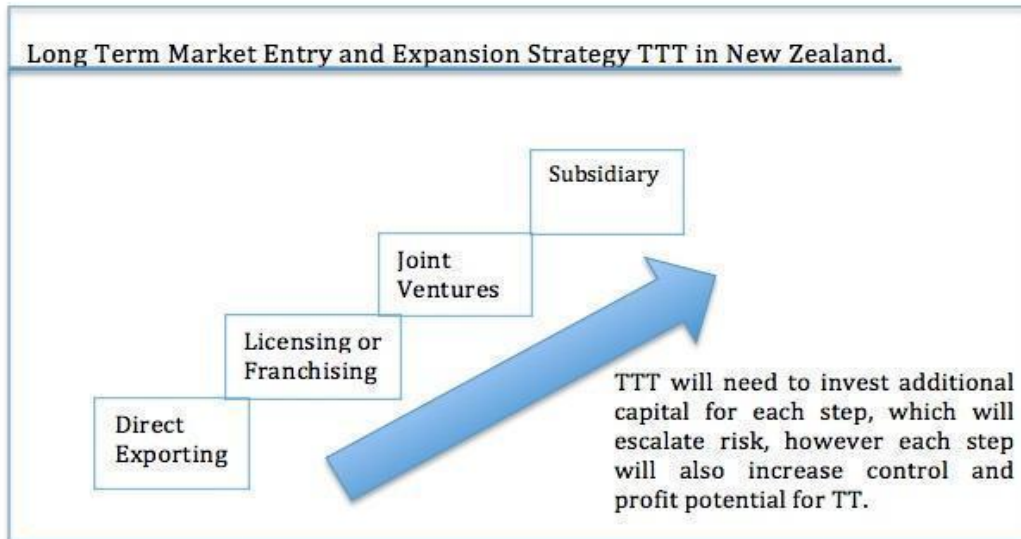
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be able to learn about them, and begin to do business with them.

As TTT is an American company, one tool that it could possibly use is the Export-Import Bank of the United States, which is part of the federal government, and is designed to help companies export their products internationally. According to their website, the Export-Import Bank can help businesses in different ways, such as providing “working capital guarantees (pre-export financing); export credit insurance; and loan guarantees and direct loans (buyer financing)” (2014). The Export-Import Bank could prove to be an invaluable tool for TTT to utilize. This is tool that could help TTT in the future have a greater presence in New Zealand.

### **5.1 Long Term Market entry strategy.**

We suggest this entry strategy can be considered a 10 year plus plan for TTT. Direct exporting has the lowest risk and lowest level of capital required but also the lowest profit potential. If TTT invest to have a greater presence in New Zealand, they would become more profitable and increase their control as portrayed below in figure 4, so in summary the more TTT invest, the more profit potential and control TTT will have, however it will be harder to exit the market and risk will also increase.



**Figure 4. Long Term Market Entry Strategy.**

Information Retrieved and based from Fletcher and Brown. (2008)

## 6.0 Staffing and Sourcing.

Considering the fact that this is a small company, we suggest the headquarters in the United States should predominantly manage market entry into and marketing in New Zealand. For example, all importing and legal issues can be effectively done in the USA, considering New Zealand's high rank of ease of business.

However, it is suggested two additional personnel should be hired. Local staff in New Zealand with a farming background will be most trusted by farmers. There is a strong subculture among farmers in New Zealand that someone brought up in a city is referred to as a 'townie'. Along with this derogatory label comes little respect. Therefore, it is suggested to employ



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someone with a farming background to ensure trustworthiness, considering there will be interaction with the end users/farmers. Additionally, it is the norm for such staff to travel around in a utility vehicle, such as a Toyota Hilux, which also increases trustworthiness.

### **6.1 Advertising for staff.**

To advertise for such a position, it is suggested to place an advert in a magazine, such as the Dairy Exporter magazine. Considering this is a subscription magazine with an audience of suggested target group of dairy farmers (Dairy exporter, 2014).

It is important to note how significant staffing is when using the strategy of direct exporting, as this strategy will only achieve desired results with competent staff. The lack of presence is low as control therefore staff are extremely important to overcome this weakness somewhat.

### **6.2 Promote the product.**

It is recommended distribution be done by the two major dairy farm retail suppliers in New Zealand, Farmlands and RD1. These are unique 'department' stores intended only for farmers. These nation-wide chains have a large product range from outdoor clothes to animal health and herbicides and pesticides. Such a strategy will automatically get large nation-wide chains to assist in product marketing with little cost. One possible strategy would be to stock the product exclusively in one of these chains, in order to stimulate the company into marketing the product.

Farmlands is arguably the better of these two companies. The farmers co-operatively own this company. They have tacit knowledge and skills to market and supply products to New Zealand dairy farms. Their mission statement on the website sums this up fittingly: "As a business owned by its customers, we'll always work hard to earn the trust and confidence of the people that do



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business with us, delivering an unparalleled level of rural expertise, integrity, professionalism, initiative and fairness” (Farmlands, 2014).

RD1 is of a comparable caliber, considering they are owned exclusively by dairy farms, as a subsidiary from Fonterra. This nation-wide chain has over 60 stores and also has expertise in dealing directly with farmers (RD1, 2009).

Therefore, we suggest one sale/marketing manager on each of the main islands of New Zealand to deal directly with one or both of these suppliers.

### 6.3 Role of CEO/Owner.

In addition to employing staff, we recommend that the owner fly to New Zealand initially in order to build up and negotiate a deal with one of these stores (Farmland and/or RD1). This will ensure a strong effective relationship with own of these nations wide chains. The relationship building is paramount in order to have a cost-effective strategy to distribute and market the product in New Zealand.

The two local staff we recommend also be involved in innovative Guerilla marketing tactics, further discussed in Promotion and Marketing.

**Table 3 Staffing Budget Projection.**

	NZD	USD*	Reference:
Initial Start up Cost <sup>1</sup>	\$20,000	\$17,147	Flight Centre, Copthorne Hotels, Budget car hire.
Staff cost per year <sup>2</sup>	\$192,000	\$164,652	Payscale.com, Toyota



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<sup>1</sup> Owner in New Zealand for 1-2 Months in order to establish relationships, networks and to employ two staff. Including flights and accommodation, internal flights, car hire and networking, etc.

<sup>2</sup> Annual salary for one experienced salesman in the dairy industry plus a car. Car rental rate is a conservative quote for a long-term lease of a Utility Vehicle; NZD \$110 p/w.\* Conversion rate from X-rates.

### **6.4 Future staffing requirements: 10 year plan.**

Further we make a future suggestion to TTT, we understand this is not something that will have to be undertaken if TTT are only directly exporting to New Zealand. This can be considered as a 2 – 10 year plan.

When a company raises the need to expand markets abroad, it is essential to establish a foreign trade department, which is responsible for analyzing the opportunities for the product in the international markets.

In the foreign trade department we establish objectives for short, medium and long term.

Short-term: 1-5 years Create awareness for export, placing excess of installed capacity for export.

Medium-term: 3-7 years TTT should induce the company to be export structured, and induce the company to invest in projects for export see figure 4.

Long term: 5-10 years Create a diversified export structure and configure to achieve adequate subsidiaries, a volume and diversification of international operations to achieve efficiency, growth and maximum profit potential.



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### **7.0 Promotion and Marketing.**

Overall promotion and marketing would be similar to that of the United States. Nevertheless we provide two-detailed guerrilla marketing strategies, which can be implemented independently, or co-currently. Obviously there are no language issues, however as noted in section 4.5 it is important to note intellectual rights must be registered in New Zealand. Additionally some possible legal and culture complications are discussed.

#### **7.1 Legal Differences.**

Considering the circumstances of TTT we do not have accurate information of the chemical composition however we do not expect there to be a huge difference. If TTT complies with the American GHS (Globally Harmonized system of Classification of Labeling of Chemicals) there will likely be no difficulties (EPA 2014).

It is important to note this product will likely fall under New Zealand's legal definition of agrichemical and therefore subject to a number of guidelines (MFE, 2014). New Zealand's definition of agrichemical does include some animal health products; therefore we advise not to assume it is identical to the universal definition provided by the United Nations.

However we strongly advise TTT to contact the legal department of New Zealand's Environmental Protection Authority EPA. This will cost around \$120NZD but we argue this is an important step. Additionally to save money TTT could possibly use the same labeling details in the United States. The best way to initiate contact with New Zealand's EPA in regards to legalities around labeling is to email: [label@epa.govt.nz](mailto:label@epa.govt.nz). For further information please see Hazardous Substances and New Organisms Act 1996.



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For packaging guidelines please consult NZFSA, the exact URL is provided in the reference list under NZFSA\*. This URL provides 120 legal conditions of packaging, labeling and selling such a product in New Zealand. We suspect this is similar to the United States, however we argue this is one of the most important checklists for TTT to follow. Following such a list, whilst consulting EPA, will provide TTT a seamless journey directly exporting in New Zealand legally speaking. Although we would like to highlight the point of ease of doing business in New Zealand as discussed earlier.

### **7.2 Cultural differences.**

The language and culture differences between New Zealand and the United States of America (USA) are minimal. Hofstede et al. (2010) discuss dimensions that can provide a snapshot of relative cultural dimensions for individual countries. To analyze these dimension scores this report will use a peer-reviewed article from Roth (1995), which has been cited extensively in recent literature. This report will focus on Power Distance and Individualism, considering these dimensions have the biggest impact, although on global comparison these differences will be marginal. This report will outline possible impacts.

#### **7.2.1 Power distance.**

Roth (1995) argues national culture scores are useful for managers to create marketing strategies. For example, he argues power distance has a significant impact on brand image performance, he outlines specifically “in low power distance cultures... brand images that de-emphasize the social, symbolic, sensory and experiential benefits of products are most appropriate” (Roth, 1995, p.172). This is because individuals from low power distance cultures



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are “not focused on social roles and group affiliation” (Roth, 1995, p.172).

### **7.2.2 Individualism.**

The USA has a relatively higher score on Individualism in comparison to New Zealand. Roth argues that countries with a high individualism score must emphasize “functional, variety, novelty and experiential needs” (1995, p.172). Conversely, countries that have a low individualism score should focus more membership and affiliation benefits.

### **7.2.3 Practical implications of the cultural differences.**

Although both the USA and New Zealand are considered Lower Power Distance countries, there is a marginal difference that should be considered when creating the brand image. New Zealand’s score is somewhat lower than that of the USA, therefore in New Zealand the need for social approval or prestige of the brand will be lower.

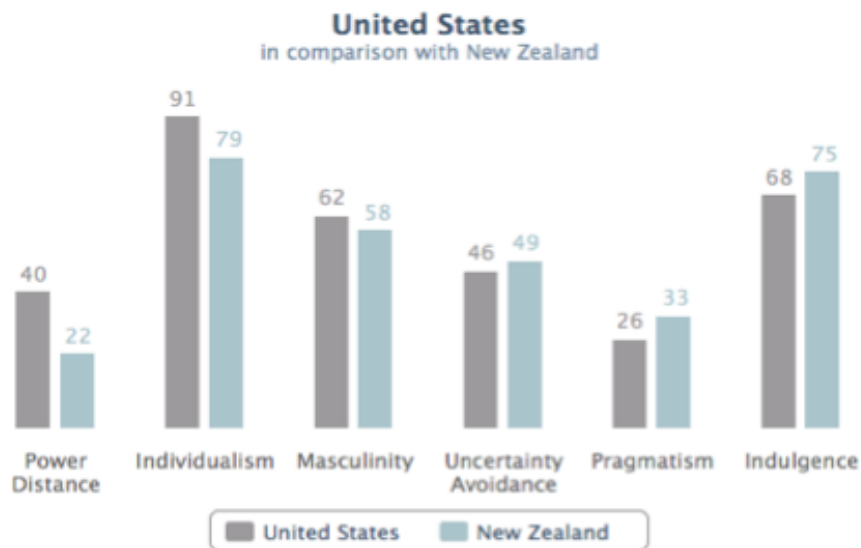
Concerning individualism, the USA has a higher score, which means marketing should focus on the functionality of the product. Although this would also need to be emphasized in New Zealand, a consideration should be taken for their lower score and marketing should possibly include some membership benefits.

Overall it can be argued a duplicate strategy promotion and marketing of the product would work in New Zealand. However, based on theory this report recommends a few minor adaptations. For example, in New Zealand, the prestige or status of the brand is not as important as in the USA.

Therefore, the brand image in New Zealand, as in the USA, should focus on the functionality and personal benefit of the product with the difference of removing any brand status and possibly



adding some loose membership advantages. This could be as simple as sponsoring the nationwide NZ Young Farmers club and giving club members a discount. This is in accordance with the proposed guerrilla marketing strategy, which is discussed further, below.



**Figure 5 Cultural comparison Hofstede's dimensions.**

Retrieved from: <http://geert-hofstede.com/united-states.html>

#### **7.2.4 Limitations of Hofstede's cultural dimensions.**

Although these dimensions are a practical way to understand the cultural dimensions of a country, it is important to briefly note the weaknesses. Explained by Hofstede, these dimensions portrayed earlier "are tools for analysis which may or may not clarify a situation. In my statistical analysis of empirical data the first four dimensions together explain forty-nine percent of the variance in data. The other fifty-one percent remain specific to individual countries" (1993, p.89). This can be understood as ecological fallacy, which means using such a group average or median will not infer that the individual will correlate.



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Schwartz agrees with the weakness of ecological fallacy, but argues such studies are needed in order, "to examine structural, contextual, and sociological effects on human behavior" (1994, p.823), therefore, this report does include the cultural dimensions from Hofstede.

### **7.3 The American chamber of commerce in New Zealand.**

Furthermore, we think it is important for TTT to network with the American chamber of commerce in New Zealand. We suggest obtaining membership and attending events before exporting to New Zealand. This is an ideal way to gather tacit knowledge on how an American company can establish itself in New Zealand. This chamber involves a number of US Fortune 500 companies (AMCC). What is unique about this group is that they network with government agencies in both countries in order to create the ease of business, this group of companies account for over \$50 billion (NZD) of trade annually.

### **7.4 Guerrilla marketing strategy.**

The definition of guerrilla marketing strategy is to use "a set of different innovative advertising instruments which aim at gaining a large effect with a small budget" (Hutter & Hoffmann, 2011, p.1). Guerrilla marketing can be further understood as entrepreneurial and unconventional (Kraus et al., 2010).

Literature as early as Levinson (1984) describes the benefits of a guerrilla marketing strategy. This paper argues that guerrilla marketing is a way to equalize company size disadvantages.

Traditional marketing, such as TV or printed media, is costly. Considering TTT is a small company with a limited budget, guerrilla marketing is suggested. We will outline a number of suggestions of how to effectively target a New Zealand dairy farmer.



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### 7.4.1 Applying guerrilla marketing Strategy one.

Firstly, we suggest TTT to contact NZ Young Farmers (NZYF), this is a social club consisting of young people in primary or supporting farming industry. They run nationwide meetings and competitions, as well as local activities. NZYF define themselves as “dynamic social network for rural youth which develops leadership,” (NZYF, 2014).

We suggest firstly organizing an activity at a regional competition day. The activity should be something fun that creates a good photo opportunity, for example, paintball guns in a small area, free one on one battles. The only thing is afterwards they pose for a photo, which is directly uploaded to the Facebook account of TTT and the individuals tagged. This photo should include a simple caption, stating a message: “Paint is only for comedy, (TTT logo)”. This is because a lot of dairy farmers in New Zealand paint all the backs of their cows for heat detection.

The idea is to create brand awareness targeting the young generation of farmers that are on Facebook. All their friends can see one tagged photo, which is likely to be 100’s.

This would be a good pilot run before using a similar concept at large farm events around New Zealand. Most regions run a ‘field days’, which are agricultural trade shows. These agribusiness events attract company stalls and all sorts of competitions, such as tractor pulling. They vary significantly in size; the biggest is in Mystery Creek Hamilton, this annual field day boasts of over 100,000 visitors and over 1000 company stalls, this is the largest agribusiness event in the southern Hemisphere (Field Days Mystery creek, 2014).

We suggest attending these events is vital. Firstly, a similar concept as the regional young farmer events that has an activity that attracts attention and photos, which can be tagged on social media. Secondly however, at such a field day, there is room to have animals. So it is suggested to



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have a number of cows that are on estrus or just before. Nowadays it is possible to synchronize animals for estrus, however this is not commonly done for various reasons.

For example, if there is one cow with bulling marks on her back, that is just come off estrus, one with no marks on estrus and two in the same pen leading up to estrus, this would likely show bulling behavior. Then when farmers come, TTT can run a competition for farmers to point out which cow is on estrus. Likely, most farmers will pick the cow with bulling marks or the ones showing such behavior. However, we can test them with the TTT product and clearly point out the benefit of non-behavior based product.

Finally, the paintball in such a place is purely to draw the crowd and spread the brand on social media. Whereas the interested farmers that undergo the spot competition, they will all receive a free practical gift with the TTT logo and website on it. This could be something as simple as a pen; however, we suggest something practical that the farmer will use daily, such as milking apron. The most common giveaways at such an event are caps and pens that rarely get used. All participants will be encouraged to sign up with an email address.

We believe a guerrilla marketing strategy will be a cost effective way to spread the brand image in order to enter the New Zealand market. The objective is to increase market share with a realistic strategy. We believe a guerrilla marketing strategy along with distribution in the main supplier chains that will undertake their own traditional marketing will give TTT a genuine opportunity for success in New Zealand. Guerrilla marketing strategies should be constantly adapting and changing to stay unique and stand by their definition of entrepreneurial and unconventional.



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**Table 4 Guerrilla marketing strategy 1 prices.**

	\$ USD	\$ NZD	Reference:
Stand at field days	>500	>500	Estimate
Hire paintball equipment	148.68	171	Action Paintball, 2014
Practical gifts	20.99 each	24.15 each	Agrimat 2014
Total:	>700	>700	

### **7.4.2 Applying guerrilla marketing Strategy two.**

The second strategy we recommend is based around the popular dairy industry awards. In these awards, young managers can win prizes up to tens of thousands of dollars. These awards are prestigious and such an award comes with respect. The authors of this report had a representative at the award ceremony for the Wairarapa and Hawke's Bay region dairy farm award. Apart from the exuberant prize of the ticket, this was a fantastic event. Runner up contestants received merit awards, of which there were 6 in total. There were 2 categories to be won, and both were won by merit award winners of the previous year, this was apparently an industry wide trend. Interestingly to note were the winners: a couple who had an graduate level academic background in the fields of chemistry and genetics and a manager who had experience in the United States as well as working for a prestigious university research farm in Europe.

We suggest TTT to interview such farmers before beginning any exporting to New Zealand (contact details are accessible). All 11 regional winners compete for national titles at a televised award ceremony in the Sky City Convention Centre in Auckland, which is a 5 star facility (Dairy



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Industry Awards, 2014). All regional winners have an open farm day; again a representative was able to attend one of these events. This event was free and provided a meal and an afternoon of analysis of the farm and the keys to his/her success. This open day was attended by hundreds of local farmers and secondary industries; a truly unique and memorable experience. These publicly advertised open farm events provided references, such as contacting winners. Our representative spotted most of the merit winners in attendance at this open day. Additionally, on the award night itself, there is a lot of mingling and initial contact can easily be established.

This background information is important in order to comprehend our strategy. This first-hand experience has molded our guerrilla strategy. Therefore, we recommend TTT to contact all these merit winners and provide them with a free supply and training of the product. These merit winners are the up and coming regional title winners. During the use of the product, it is important TTT stays in continued contact and engrains the benefits of such a product, which are outlined in section 4.1. TTT must link part of the success of the farmer to their product. Then, as observed, this will be discussion point of hundreds of local farmers, and if mentioned in the award speeches, the success will be even greater. The product will not need to be mentioned by name in such a speech, even referencing to a “revolutional estrus detection product” will be enough, considering we recommend distribution in the major industry supplier chains.

This strategy ought to begin in one region, but can effortlessly be spread to all 11 regions. Once TTT has established market share and appropriate revenue, it is suggested the next step would be to become a nation-wide corporate sponsor of the dairy awards. This suggestion can be considered a long-term 5-10 year goal.

We believe both strategies will be successful, however we suggest the second option as the



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costs are lower and the benefits could be truly astounding. If even one winner mentions or refers to this product the effect will be massive. It is important to remember the prestige of these winners, they are the talk of the region. Everyone is trying to find out what they did differently, what products they are using and what the keys to their successes are.

### 8.0 Conclusions and Future Research.

These above suggestions and strategies are to help TTT enter the New Zealand dairy industry successfully with little resources. Although we do not say New Zealand is a better market than Europe, we suggest TTT consider the points we have provided. Entering a growing industry is easier however overall New Zealand is smaller than the European Dairy Industry.

To build on this report the next step for TTT is to undertake some primary market research. We suggest contacting a few successful farms, for example award winners. Interview these farmers and collate their opinions, subsequently make an electronic survey based on this information. This electronic survey ought to be distributed to approximately 120 dairy farmers around New Zealand, based on this data unique information can be used in the export plan to New Zealand and product development.





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