

RMPP Research Summary Overview

December 2015

Primary take out



*Farmers are always looking over the fence at the next door neighbours and people down the road. And if it turns out to be a good idea they will do it. **They have to be left to make up their own minds** because they are stubborn and independent. **You can't tell them something they have to absorb it.** (King Country, farmer, male)*

- Farmers need to own the ideas – we need to make implementation easier
- Smooth this process – listen and tailor

Research Objectives

- Understand barriers to and motivations for on-farm practice change
- Identify best channels/ approaches to initiate change
- Identify drivers/ characteristics of high performance farmers – what do they do that sets them apart from others?

Key Points

- New Ideas
- Tendency to pick up on new ideas
- Farmers most open to uptake of new ideas
- Farmers need to own the ideas - need to make implementation easier
 - Smooth this process – listen and tailor
- Five farmer groups defined by tendency to make enhancements and barriers they face
 - Range from high to low
 - Potential for incremental adjustments via targeted initiatives
 - Approaches need to be farmer centric and industry supported
- Over 50% of farmers prepared to make adjustments but want to see evidence of it working
 - 23% farmers willing to take a risk, even if there is a chance it won't come off
- Planners, bench-markers, larger farmers, younger farmers, sheep farmers

Key Points

- Farmer Confidence
- Most helpful channels – implementation support
- Two thirds of farmers believe profitability will increase in sheep & beef over next five years
- Key channels are;
 - Other farmers – 80%
 - Spouse/ family – 72%
 - Vets - 70%
 - Events including small group sessions with farmers/ independent experts – 64% - 67%
- However, other mass channels critical for proposing the idea
- Hearing the same idea from several sources critical for ideas to take hold
- Farm systems & practices farmers believe lead to increased productivity (top 5)
 - Pasture management – 77%
 - Animal health – 76%
 - Fertiliser management – 75%
 - Re-grassing – 70%
 - Animal breeding & genetics – 70%

Key Points

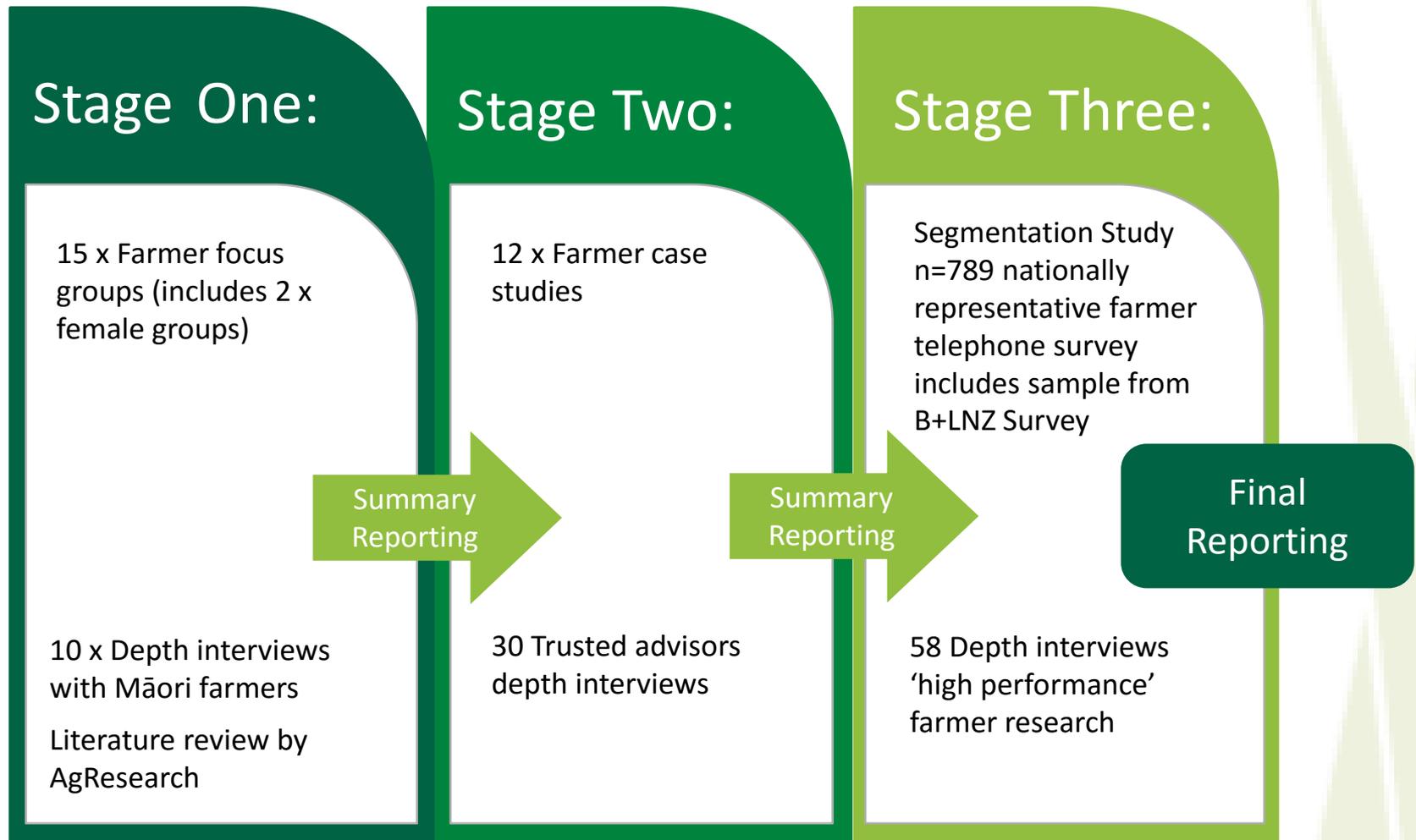
- Barriers to change
 - A primary issue is aging population of farmers
 - 70% of farmers over 50 yrs – based on those that took part in this study
 - 38% of farmers over 60 yrs – based on those that took part in this study
 - Index high in Confident Captains and Seasoned Grafters (older)
 - 78% of farmers agree there is not enough young people being attracted into industry
 - 38% farmers advise they have succession plans in place
- Measurement
 - Measure regularly
 - Finance performance – 55%
 - Animal performance – 75% (note, 30% do not measure lambing/ calving %)
 - 50% farmers advised they are benchmarking to measure performance

Key Points

- Relationship with meat processor (commitment)
 - 52% prefer to commit to a long term arrangement
 - 15% prefer to have most production committed but keep a small amount for “best on the day” pricing
- High Performing Farmers
 - Top performance drivers that lead to greater productivity can be connected to key practices
 - These practices are similar to what most farmers feel learning more about will increase their own productivity
 - Learning about the practice is one thing; but execution is key – Implementation support is necessary

RMPP Segmentation research overview

Conducted 2014



Overview of segments

22%

Primary Pacesetters
(n=173)

- Change focused
- Strong planners
- Advice seekers

23%

Fast Followers
(n=182)

- Pushing harder
- Debt wary
- Own efforts create profits

19%

Cautious Conservatives
(n=152)

- Cautious changers
- Non-planners
- Solo-operators

19%

Confident Captains
(n=147)

- Taking it easier
- Confident on ability
- Family operations

17%

Seasoned Grafters
(n=135)

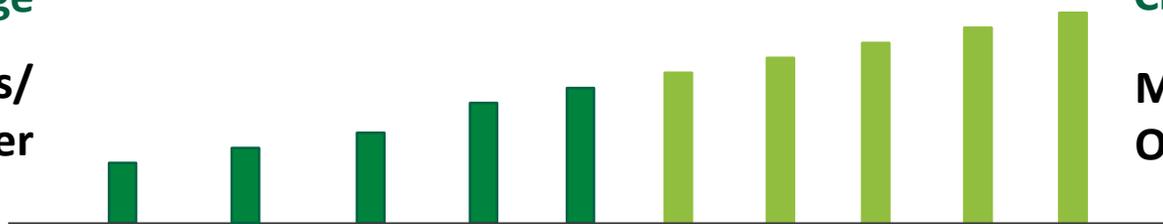
- Change resistant
- Prioritise graft
- Industry concerned

Open to change

Less barriers/
Younger

Change resistant

More barriers /
Older



Primary Pacesetters: Overview

22%

Spouse

86% vs.
68% overall



Tertiary
qualified

40% vs.
29% overall



Age

36% under 50 vs.
29% overall



31% over 59 vs.
38% overall

Defining features

- **Change focused:** More likely take a risk and stronger confidence that own efforts bring reward
- **Strong planners:** More likely to budget and have planning meeting
- **Advice seekers:** More likely to work with technical experts and advisors

Fast Followers: Overview

23%

Spouse

71% vs.
68% overall



Tertiary
qualified

39% vs.
29% overall



Age

34% under 50 vs.
29% overall



31% over 59 vs.
38% overall

Defining features

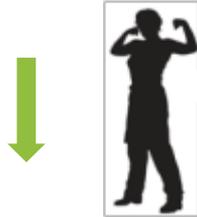
- **Not interested in cruising:** Least interested in taking it easier
- **Debt wary:** strongest difference to Primary Pacesetters
- **Profits depend on own efforts:** Stronger belief that what they do on farm will have the greatest impact on their profits

Cautious Conservatives: Overview

19%

Spouse

13% vs.
68% overall



Tertiary
qualified

31% vs.
29% overall



Age

25% under 50 vs.
29% overall



38% over 59 vs.
38% overall

Defining features

- **Non-planners:** Much less likely to have a written plan, goals, budget and planning meetings
- **Cautious changers:** Much less confident than the Captains that they can make changes with minimal support and also much less likely to trust that gut feel decisions are better than those based on fact
- **Solo operators:** Lowest level of spouse involvement on farm, less likely to attend off-farm extension activities

Confident Captains: Overview

19%

Spouse

88% vs.
68% overall



Tertiary
qualified

14% vs.
29% overall



Age

26% under 50 vs.
29% overall



45% over 59 vs.
38% overall

Defining features

- **Take it easier:** Most likely to agree farming is mostly about lifestyle and they now want to take it easier
- **Confident in ability:** Strongly agree I can make most new farming practices work with minimal support and that gut instinct is better than fact
- **Strong family operations:** Spouse contributes strongly to the business and more likely to say a family member will take over their farm one day

Seasoned Grafters: Overview

17%

Spouse

78% vs.
68% overall



Tertiary
qualified

17% vs.
29% overall



Age

23% under 50 vs.
29% overall



47% over 59 vs.
38% overall

Defining features

- **Reticent to change:** Least interested in innovation and latest technology and least likely to measuring performance
- **Prioritise graft:** More likely agree physical work is most productive
- **Industry concerned:** More likely to believe profits mostly determined by off-farm forces

Driving change – not a one approach for all

- Segmentation

- Five farmer segments defined by propensity to change and the barriers they face
- Potential for incremental change via targeted initiatives
- Approaches need to be farmer centric and industry supported

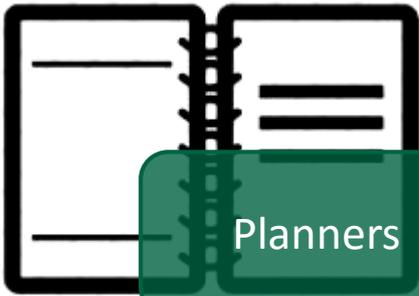
Primary Pacesetters and Fast Followers: need stream of ideas and independent information to guide them

Cautious Conservatives: need local non-judgemental implementation support focusing on minor adjustments (on their terms) rather than overhauls

Confident Captains: need benchmarking, targeting via an on-farm driver, clear pathways to returns and attracting new talent

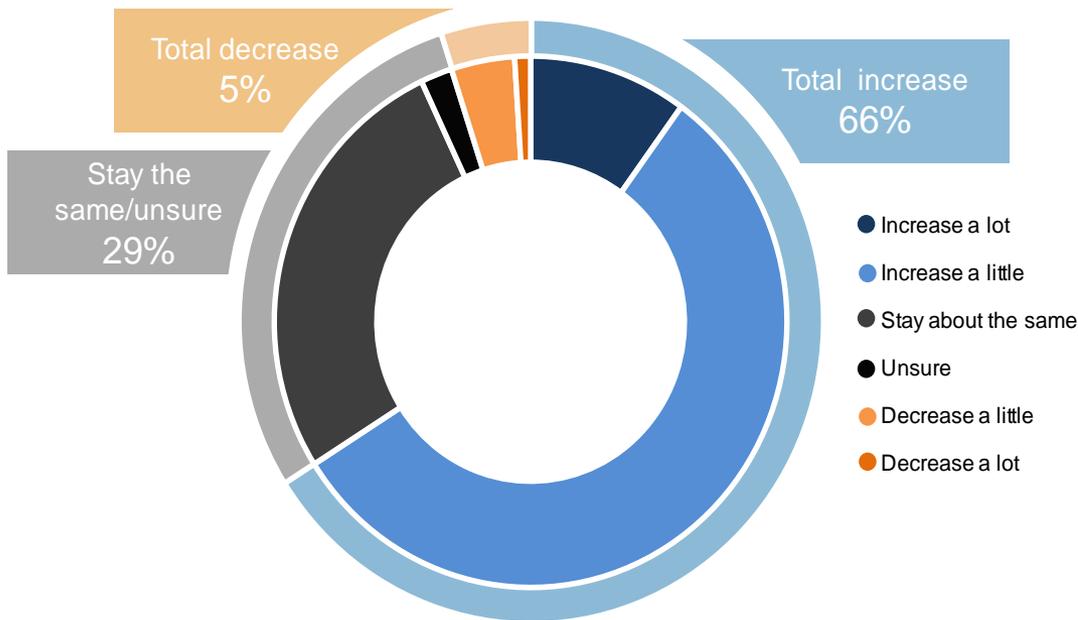
Seasoned Grafters: industry could consider equity pathways in and out of the industry and attracting new talent

Farmers most open to change



Farmer Confidence

Expectations of profitability (next 5 years)



- **Focus on farm tends to be more positive**



*I think if you are prepared to stay positive and **concentrate on your game** it is quite a profitable business.*
(Whangarei, farmer, male)

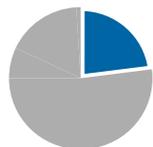
- **Focus on issues outside farm gate tend to be more indifferent/negative**



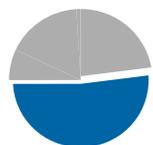
[Long-term confidence?] *Reasonably confident.* [Why is that?] *It is quite simple - it is **supply and demand** at the end of the day. I think there is going to be demand for our products and as long as we get the other issues sorted – **environmental issues** are going to be a big threat.*

(Southland, farmer, male)

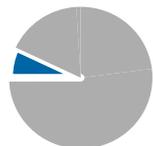
Willingness to Change - General changes on farm



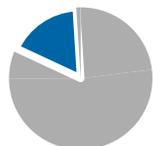
23% I am willing to take a risk, even if there is a chance it won't come off



52% I'm prepared to make changes but I first need to see strong evidence on other farms that it will work



7% It is difficult to find the capital to make a change and I'm concerned that I could lose money and the change won't work



17% My farm operates as well as I need and I have no need to make significant changes

All (n=789)

NB: 1% selected 'none of the above'

■ Power of seeing it elsewhere

 *Somebody is going to do it. I will just wait and see if it works out for him.*

(Te Kuiti, farmer, male)

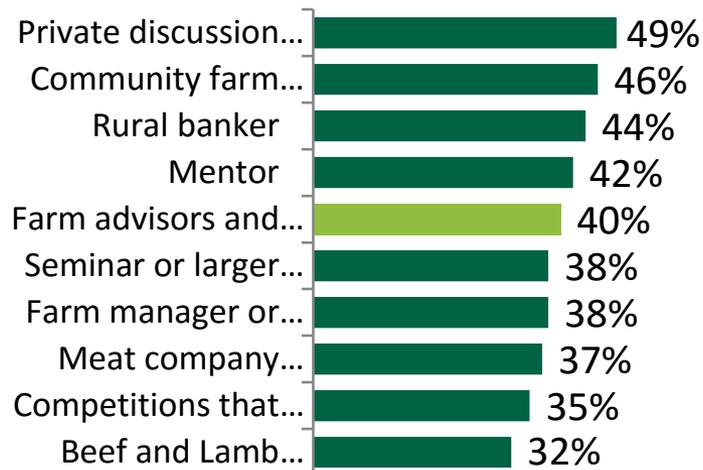
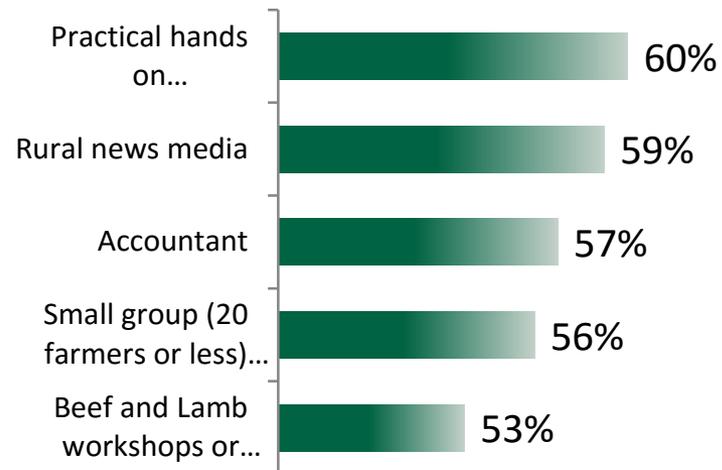
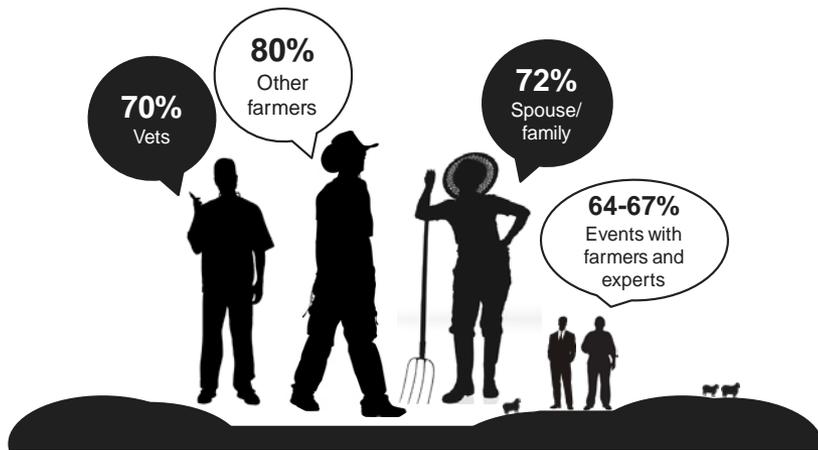
■ Seeing the proof

 *You have got to show them that it is better. The guys in the middle probably won't take much notice of an academic saying we have got this fancy new grass, They like to see the **proof in the pudding** and that is why **the plantain pasture example** that is being taken up wholesale and **that is because they have seen it work.***

(Fielding, banker, male)

Most helpful channels

- Most helpful channels relate to implementation support
- Hearing the same idea from several sources critical for ideas to take hold



Your media are what I call enablers, they are the things that enable you to get access. By themselves they are no good. Implementation is the key.

(Canterbury, farm advisor, male)

Most helpful channels



- **Spouse and/or family**

I think partners or spouses need that recognition because they can drive that change. You know what men are like – I have done it this way for 20 years why should I change it.

(Canterbury, farmer, male)



- **Informally talking with other farmers**

*Farmers just talk and swap a hell of a lot of information leaning over a fence or driving past someone and talking on the road or picking up your drench at the vet and talking to them. **Basically just talking with people you know, like and trust.***

(Marton, farmer, male)

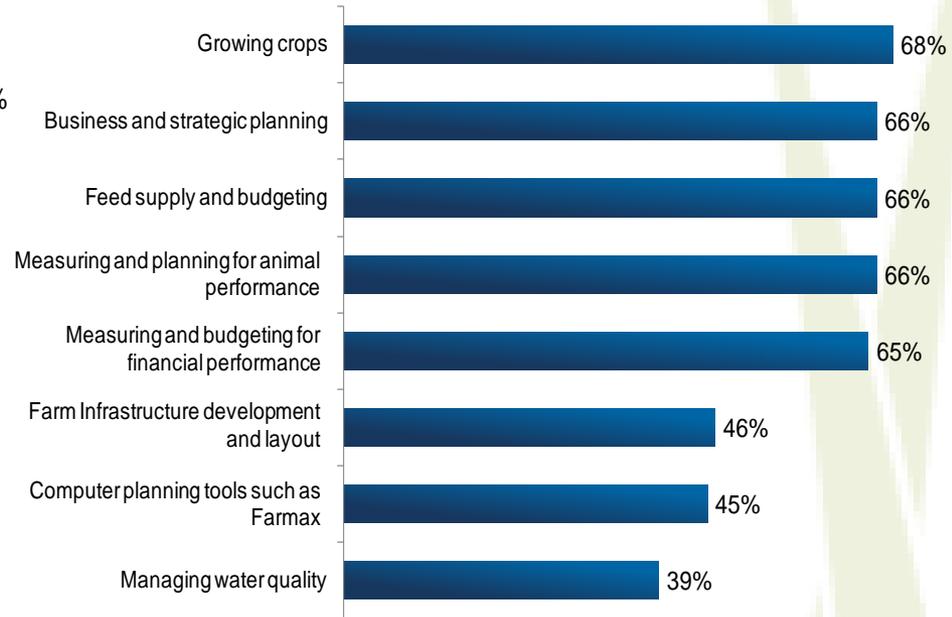
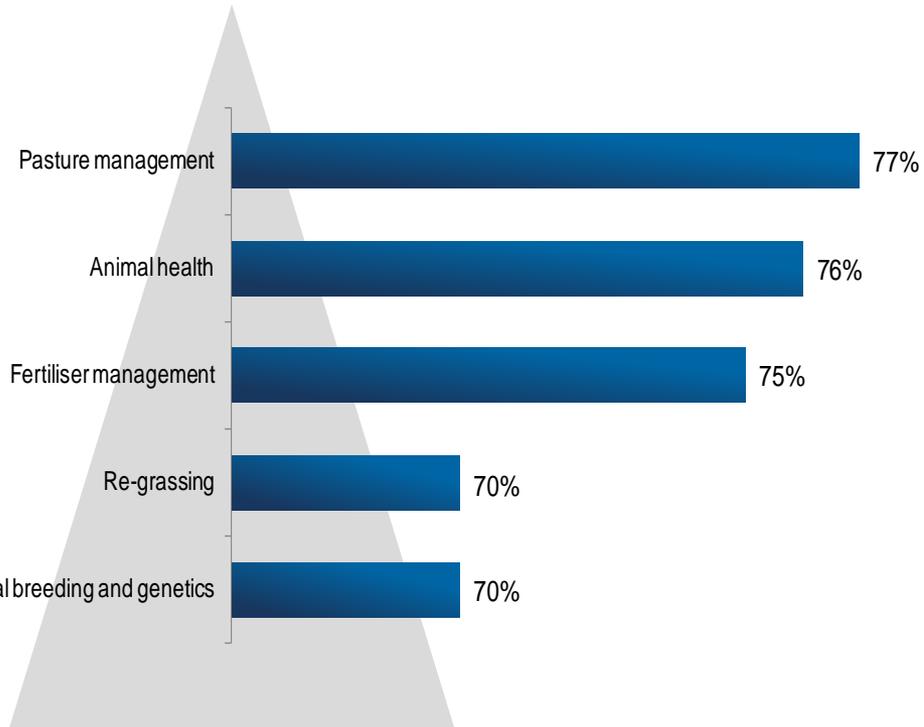


- **Small groups topic focused with support from technical experts**

*A discussion group we had 100% attendance. You can go and have a look around the farm and have a yarn and take a titbit out of it but **when you get three or four specialists on a topic** in a room pelting at you, if you do this, if you do that, you will get a result, **all of a sudden it becomes a bit clearer.***

(Gisborne, farmer, male)

Farm system practices that lead to increased productivity are;



Barriers to change and steps to limit

Barriers	Mitigaters
Aging and taking it easier (Confident Captains and Seasoned Grafters)	On-farm driver, succession planning, attracting new talent on the farm (family/ manager)
Financial constraints (all segments slightly higher for Confident Captains)	Using cost savings and efficiency, clear pathways to productivity
Uncertain outcome (mainly Cautious Conservatives, Confident Captains and Seasoned Grafters)	Local non-judgemental farmer-led implementation support
Farmers feeling singled out (all segments but mainly Cautious Conservatives, Confident Captains and Seasoned Grafters)	Celebrating and promoting the many positives of sheep and beef farming

Aging population – reducing barriers

- Attracting the next generation
 - Coordinated promotion of the industry in schools/ universities
 - 78% of farmers agree ‘there are not enough young people being attracted into our industry’



Sell the story... Make it acceptable for our sons to come home and be part of the future instead of the old mantra that if you can't do anything else go farming.

(Wairarapa farmer, male)

- Succession planning
 - 38% already have a plan in place and the same proportion feel they know enough for the stage they are at
 - 19% would like to know more
- Supporting the on-farm driver
 - Son/ daughter/ spouse/ manager

Plan in place

- Confident Captains more likely 47%
- Cautious Conservatives less likely 29%

Show unity and positivity

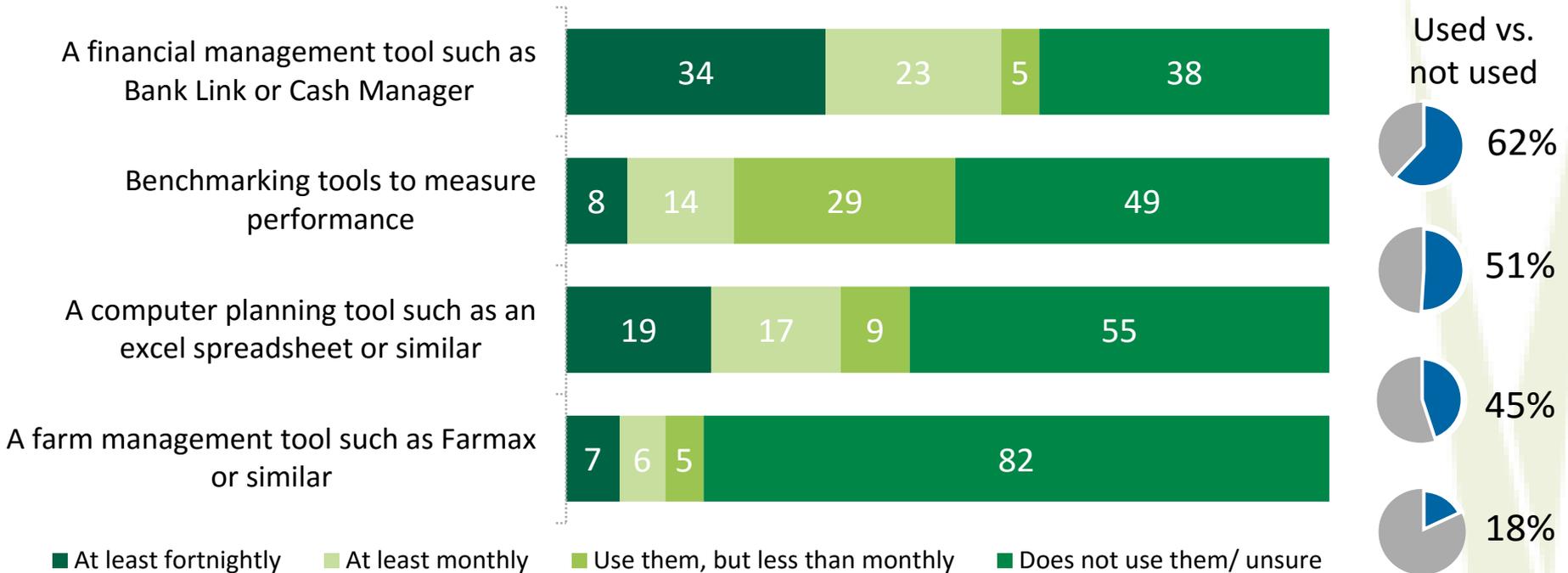
- Tell and sell the story of a great industry
 - Environmentally sustainable
 - Driven by technology and innovation
 - Lots of opportunities
 - Financial rewards
- Bat for the farmer



The dairy industry seems to have a very good PR Consultant or something. Even if there is a disaster it is a good disaster.

(Otautau, farmer, male)

Farm Management - Use of digital & benchmarking tools



More likely to use above:

- Under 40
- Bigger farmers
- Take risks with change
- Over \$100,000 annually
- Written business plans

All (n=789)

Frequency of taking performance measures

- Percentage that measure **regularly**:
 - Animal performance: 75%
 - Feed supply and grass growth: 58%
 - Financial performance: 55%
 - Environmental performance: 31%

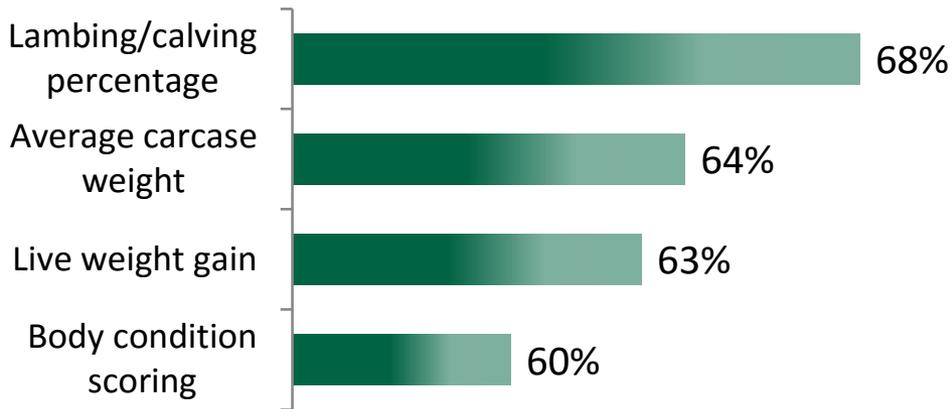
More likely to measure performance regularly:

- Take risks with change
- Written plan
- Use benchmarking tools

All (n=789)

Measurement – sub sample of those that measure regularly/ occasionally

Animal performance (n=715)



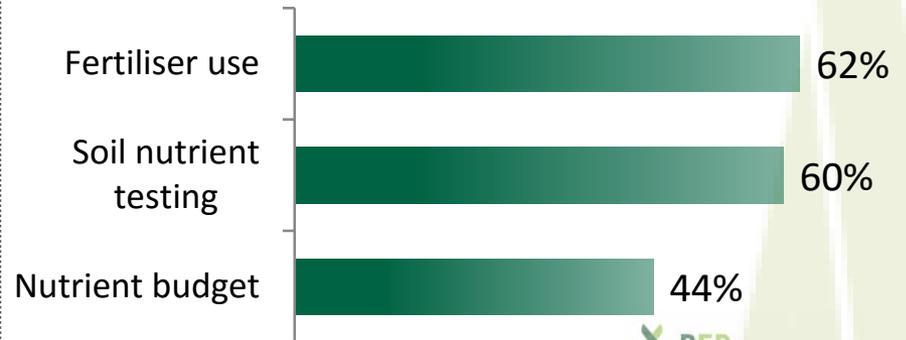
Financial performance (n=637)



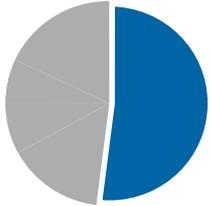
Feed supply (n=601)



Environmental performance (n=469)

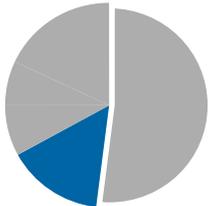


Relationship with Meat Processor - Preferred term of commitment



52%

I prefer to commit to a long-term supply arrangement



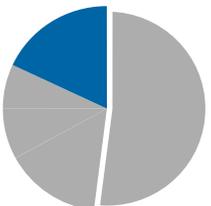
15%

I prefer to have most supply committed but keep a small amount of supply for the best price of the day



7%

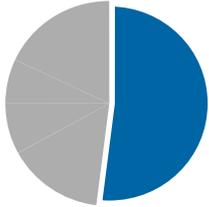
I prefer to have a small amount of supply committed but keep most supply for the best price on the day



18%

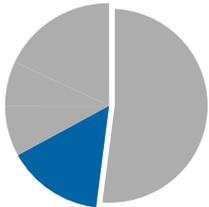
I prefer to always look for the best price on the day

Characteristics of the commitment



52%

I prefer to commit to a long-term supply arrangement



15%

I prefer to have most supply committed but keep a small amount of supply for the best price of the day

**Total:
67%**

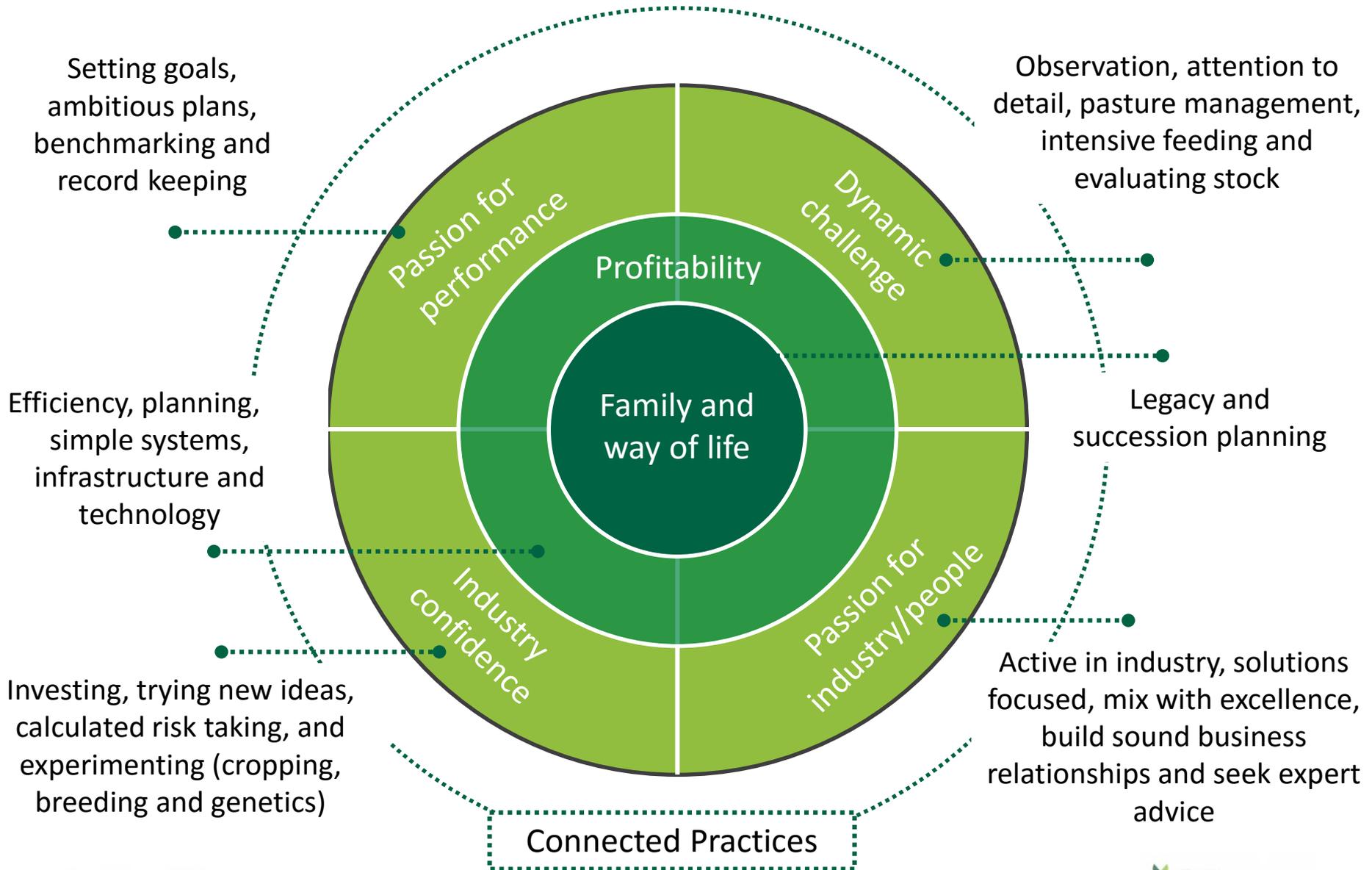
More likely to prefer long-term arrangement:

- Farmers in the Southern South Island (91% vs. 67%)
- Hill country and breeding/finishing farms in the South Island (81%, 82% respectively)
- Sold over 2,000 stock units last season (76%)

Less likely to prefer long-term arrangement:

- Farmers in the Northern North Island (51% vs. 67%)
- Intensive finishing farms in the North Island (55%)

Performance drivers



High performing farmers - key points

- Top performance drivers that lead to greater productivity can be connected to key practices
- These practices are similar to what most farmers feel learning more about will increase their own productivity
- Learning about the practice is one thing; but execution is key – Implementation support is necessary

Difference between mid-tier and high performing farmers

- Family and way of life driver will be similar
- Driver for profit will exist but weaker link
 - Due to elusiveness of profits some more driven by capital growth
- Rest of drivers will be weaker links between driver and performance
 - Confidence in industry and own ability
 - Passion for performance
 - Passion for industry and people
 - Dynamic challenge –timing will be less accurate
- Most farmers have a sense of what needs to be done to perform
- But only high performers know how to consistently execute

Primary take out



*Farmers are always looking over the fence at the next door neighbours and people down the road. And if it turns out to be a good idea they will do it. **They have to be left to make up their own minds because they are stubborn and independent. You can't tell them something they have to absorb it.***

(King Country, farmer, male)

- Farmers need to own the ideas – we need to make implementation easier
- Smooth this process – listen and tailor

Report prepared by UMR on behalf of RMPP

The Red Meat Profit Partnership is a Primary Growth Partnership consisting of the following partners:



Ministry for Primary Industries
Manatū Ahu Matua



Additional Information

- We would like to thank all the farmers who participated in this research for their time and willingness to openly share their views with us.

- If you are using the information or diagrams from this presentation please ensure that Red Meat Profit Partnership (“RMPP”) is referenced.

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