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GREATER RETURNS FOR PRIMARY PRODUCTS

The 9 habits of highly successful value chains

New research about successful primary sector exporters identifies nine attributes* of their value chains that could provide a template for success. How does your value chain stack up?

01 Agree on your values

The companies in this study stand for something more than just taste and quality. It could be environmental or social values, a family story or be grounded in a Te Ao Māori worldview. Critically, those values are upheld by all the players in the value chain and provide distinctiveness in the marketplace. The power of the brand story is in its integrity. When one of the players fails to uphold the values the brand suffers.

02 Know your consumers

Value is created by your consumers - it exists in their mind not in your cost ledger. The successful value chains in this research identify what their consumers value and work back to the producer to meet those expectations.

03 Strive for quality

Consumers will pay a premium for quality. This includes taste and texture as well as verified safety, health, social and enviornmental claims. Companies in this study set high quality standards across the whole value chain - and stick to them!

04 Share the power

In successful value chains, no single player dominates. One may have more power (such as a retailer), one may provide leadership (such as an IP owner like Zespri), and another may be a champion (such as the brand owner). Governance in these chains looks more like a network than a hierarchy and the currency is information.

05 Co-create the value

Now that they're aligned with the consumer need, agreed values and strong relationships, the players collaborate to optimise the chain (remove cost) or create new products (add value).

06 Share the knowledge

Information sharing among the players is frequent, free-flowing, often face-to-face - kanohi ki te kanohi - and multi-lingual.
And the more they talk the more collaborative they become, whether it's through formal research or informal conversations.

07 Incentivise the right behaviour

These value chains sometimes share costs and rewards to reduce downside risk and incentivise partnerships. And contracts are always aligned to the end result: a happy, well-fed consumer!

08 Adjust for scale

Successful chains adapt for scale: high-volume, low-margin products drive for economies of scale. Low-volume, high-value chains protect the artisan perception of a brand. Scale is a key consideration for profitability.

09 Build resilience

Storms come. Ships get stuck. These value chains create resilience by deploying protective financial instruments and delivery redundancies - all underpinned by strong communication and warmth of relationships, best expressed as whanaungatanga or manaakitanga.

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*The nine attributes are derived from 'Rewarding Sustainable Practices', a research programme conducted by AERU, funded by Our Land and Water. Read more about this research and the implications for the primary sector at TheValueProject.co.nz