

# Co-op to Co-op Trade Talk: Digital Technologies and E-Commerce



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# New Zealand

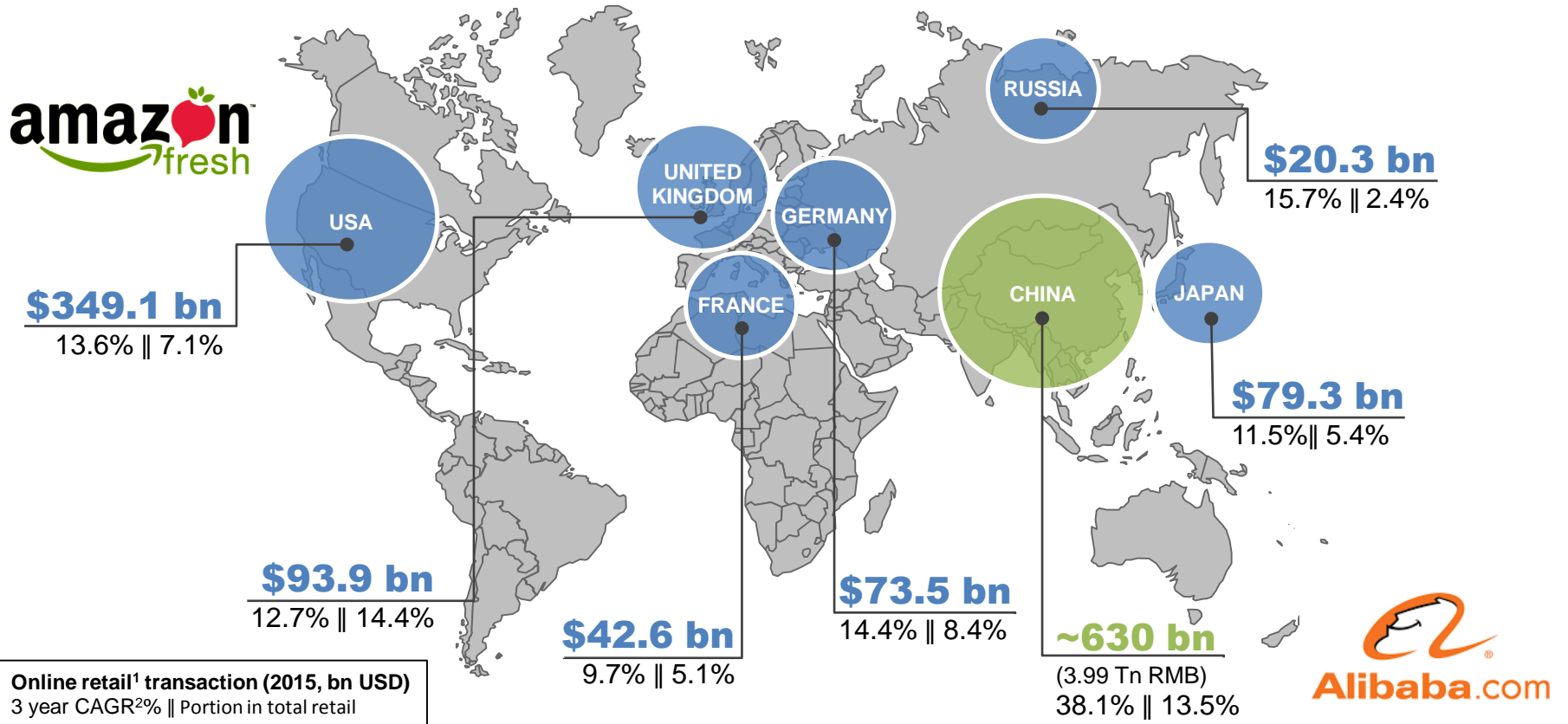
- Top 30 co-ops and mutuals:
  - Generate 17.5% of NZ's GDP
  - Employ almost 50,000 NZ'ers (population 4.7 million)
  - Serve over 1.4 million NZ'ers as Members
  - One of the world's most co-operative economies
- Fonterra
  - Formed as a co-operative in 1871
  - NZ's largest company, turnover 2016/17: \$US 13.5b
  - World's largest exporter of dairy products
  - Spectacular turnaround over past 2 years, 2016/17 milk payout up 52% on prior year at \$NZ6.52/kg milk solids (\$US 4.45/kg).

# Fonterra's e-commerce

- Singles Day in China, 11<sup>th</sup> Nov each year, RMB 120b in on-line sales in 24 hours, 82% transacted over mobile phones
- Fonterra sold \$US 10m: Anchor milk, Tip Top icecream
- On-line retail sales globally, China larger than UK/Europe/USA combined at \$US 630b pa.
- Product authenticity and traceability becoming more and more important
- Data technologies and e-commerce across the supply chain: fertilizer application, milk collection and processing, ordering packaging materials (JIT), storage, transportation
- Velocity program: 4,500 initiatives worth more than \$US 1.0b, collective thinking and devolved decision making

# eCommerce China

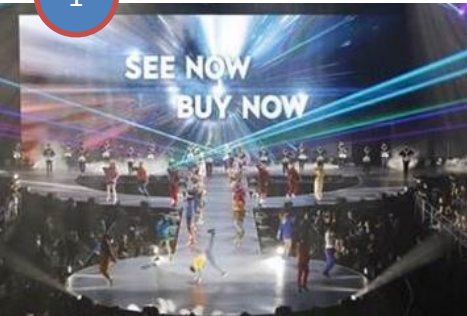
Bigger than USA and Europe combined - experience led retail



# Singles Day 11:11:2016

RMB 120 Billion in 24 Hours. 82% bought on mobile

1



“See Now, Buy Now”

2



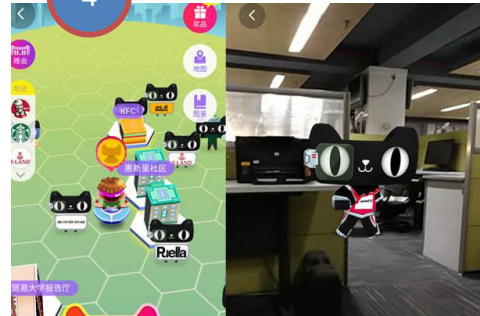
“BUY+ VR experience”

3



“Countdown Gala”

4



“AR Mobile Game”

# Co-op to Co-op Trade Within NZ's Co-op Family

- Driving increased collaboration amongst our Members
  - Preferred supplier agreements
  - Aggregation of purchasing requirements for common goods and services eg. electricity
  - Sharing of information and knowledge
  - Shared support services avoiding duplication
- With almost 20% of the NZ economy we have considerable scope to drive increased business within the “NZ Co-op Family”
- Needs to be win/win however

# Co-op to Co-op Trade Internationally

- Of NZ's top 30 Co-ops now turning over \$US 31.5b, 65% of revenues come from agri-food producers of which almost all are global exporters
- Dairy, red meat (lamb, mutton, venison), kiwifruit, wine, seafood, horticultural produce
- NZ has a strong reputation for a clean and green environment, environmental sustainability, quality brands and products
- Co-op to co-op trade is minimal however, even with Fonterra
- Opportunities here

