

# Fonterra new zealand company essay sample

[Nutrition](#), [Healthy Food](#)



This whole assignment was all about Fonterra New Zealand Company which dealt with all kind of milk products. And in this assignment I had discussed about history, origin, role of marketing, segmentation and target groups of Fonterra. And also I had discussed about 4 P's how these played a great role in the company. In SWOT analysis, I had written about the strengths, weaknesses which company was facing, Opportunities in future and and major thing threats which Fonterra can face in future as well as now.

#### 1. 0 Short description of the company:

VISION: “ Dairy nutrition for everyone, everyday and everywhere” Fonterra was first established in 1814 when first cattle was imported from Europe and in 1846 the first export was began and first cooperative was established in Otago in 1871. And in 1882 after registration, it opened the way to New Zealand's agriculture market for Fonterra. And UK becomes the largest exporter for the company till 1970. Now they are exporting to more than 100 countries around the globe. (Life F. D., OUR HERITAGE, n. d.)

Fonterra is worldwide and cooperatively owned company whom roots are planted in New Zealand's soul. They collect 22 billion liters of milk every year and distribute to all world. It has eight offices: FBNZ Green lane, FBNZ south island distribution centre, Fonterra Centre, Fonterra London Street, Fonterra Oamaru, Fonterra Tauranga Port Stores, Fonterra Wellington, and Vialactia. It includes 33 sites in the country and one technical centre which is FRDC (Fonterra Research and Development Centre). There are 100 qualified PhD scientists, technologists and engineers and most of them are world's leading experts in dairy. They are processing about 16 billions liters of farmer's milk

each year. The core competency of Fonterra is its strong and independent farmers. Their story does not stop here. Their aim is to explore the pure and natural product with unlimited potential and nutritional possibilities. (Life F. D., COMPANY OVERVIEW, n. d.)

## 2. 0 Role of marketing in the company:

When people think of the dairy products it appears to be same then it becomes very difficult for any company to market its products in the market but Fonterra adopted a new marketing strategy to steal the market share in core powder and UHT categories from other Australian and French brands. Fonterra discovered a new category ‘ Sweet Pot’. They focused on all mums. What are their expectations? As we all know that Pacific Island people are more obese, diabetic and heart patients so they adopted new strategy ‘ Building Healthy Families’. The position which is accompanying with Fonterra’s Vision of Dairy nutrition for everyone, everybody, everywhere was correlated from ATL through to pack and because the master brand strategy is more cost effective. This means more money will go in supporting the projects like community, kid’s seven tournamentss and nutrition education for pacific communities. (AWARDS, 2014)

Fonterra the included three new products: 50gram powder packs for developing markets where people are poor and can not afford to buy more and on daily basis. 800 grams refill sachet in developed markets for 900 gram bottles. And 20 percent saving consumers. In this way they are able to compete against Nestle.

### 3. 0 Segmentation and target groups of the company:

#### Company Overview

Total Assets Employed

NZ\$15, 1 billion\*

Total Equity

NZ\$6. 7 billion\*

Annual Turnover

NZ\$19. 8 billion

Dairy Ingredients Manufactured New Zealand

2. 4 million metric tones\*

Total Ingredients Sales Volumes

2. 7 million metric tones\*

Employees

17, 300\*

Shareholders

10, 578\*

Fonterra's annual report 2012 (Life F. D., KEY FACTS, n. d.)

Segmentation: Customer and market segmentation: Fonterra is mainly focusing on home country: New Zealand and the people of New Zealand.

a. One person, one place, one ambition: It works for only one ambition which is benefit to all. b. One place that is our inspiration: Fonterra is citizen to all worlds, but to one place which they call home is New Zealand. c. It starts here: from this place we have created a global market for our products and

now they are trying to bring the whole business back to home country. d.

Milk demand is expected to grow by at least 100 Billion litres by 2020. e.

Guarding Goodness: Enriching lives is about knowing the role we play in the areas where we operate. (Pettinger, 2012)

Target groups of the company:

Fonterra has five brands:

Anchor: deals with all milk products like cheese, yoghurt etc. Mainland: deals with special cheese and spreads and butters and with new option snacks.

Tip-Top: deals with all kinds of ice-creams.

Anmum: specially designed milk products for pregnant women and nursing mothers. Anlene: it is for adults optimal bone health.

(Life F. D., PRODUCTS, n. d.)

4. 0 Use of marketing instruments (4 P's) in the company:

Product: Fonterra is offering all kind of milk products.

Product portfolio: Milk powder, Casein and caseinates, Milk Protein

Concentrates and Isolates, Butter and Cream products, Cheese, Hydrolysis's, Complex lipids, Probiotics, clear protein, sure Protein

Product Life Cycle: Phase 1: In 1814: The New Zealand's dairy industry's establishment In 1871: Growth by creativity

In 1882: Advancement in technology led to larger scale production and distribution 1900: Leadership Crises

Phase 2: In 1927: Again growth by direction

In 1935: Autonomy Crises

Phase 3: In 1947: Growth by Delegation

In 1973: Crises of Control

Phase 4: In 1970-1990: Growth by coordination

In Late 1990: Red Tape Crises

Phase 5: In 2003: Growth by Collaboration

(Life F.-D. f., FONTERRA DAIRY SOLUTIONS, n. d.)

#### 4. 1 Pricing Decisions:

Fonterra has used the term ' base milk price' which is used in Dairy industry Restructuring act 2001(DIRA) it refers to farm gate milk price which is set by Fonterra. It is the price paid by the dairy processors to the dairy farmers for raw milk. Fonterra's largest input cost is based on the buying of raw milk for their further production from farmers at base milk price. (ZEALAND, 2014)

#### 4. 2 Place:

Fonterra sells product on GDT (Global Dairy Trade).

It is concerned with Trading with Farmers. It is worldwide. Its Cooperative Office is in New Zealand. It has more than 30 manufacturing sites in the country and 1 technical centre. It has 8 offices in New Zealand. Fonterra operates in more than 100 countries of the world and it has 16000 staff around the world. (Life F.-D. f., OUR LOCATIONS, n. d.)

#### 4. 3 Promotion:

Fonterra strategy of promotion is V3: Velocity, volume and Value. Their aim is to grow volume and value by focusing on the emerging markets which meet the customer demands. There are seven keys which they follow:

1. Optimize New Zealand Milk
2. Build and Grow Beyond our current consumer positions
3. Deliver on foodservice Potential
4. Develop leading positions in Pediatrics and maternal Nutrition.
5. Align our business and organization to enable the strategy (Life F. D., OUR STRATEGY, n. d.)

#### 5. 0 SWOT Analysis for the company:

##### Strength:

a. Barriers of market entry: Fonterra being the leading industry restricts the ability of new competitors to begin operating in a given industry. If the company can identify abilities that are superiors to competitors, they can use that ability to establish a competitive advantage. b. High profitability and revenue: High profits can be used to invest in research and development and it is also used to pay higher wages to workers to increase their motivation and productivity level. Revenue generation shows long term profit. To increase the brand loyalty, the company needs to cut down their prices to increase customers so that they can be brand loyal.

##### 5. 1 Weaknesses:

a. Future Competition: All businesses face the competition, even if you are the only producing company of the product in a town. Your competitor could be a new business offering a substitute or similar products that makes our product redundant. This is the most important weakness a company can face.

## 5. 2 Opportunities:

a. Growing Economy: Economic growth is viewed as an increase in the market value of the goods and services produced by an economy over time when there is increase in the rate of Gross Domestic Product then the growth of the economy is measured. Productivity is the most important measure which also states that increase in productivity lowers the costs of goods which increases the sales.

b. New Market: Fonterra being the leading company with their products is always ready to enter into new markets with their new range of products. They are always into make new product range totally based on the demands of the customers.

## 5. 3 Threats:

a. Growing Competition and Lower Profitability: Every industry has the threat of growing competition which can result in lower profitability as they may introduce new products with lower costs which can reduce their profit margin. For Example Fonterra sub industry which produces milk can be the industry which can face the threat to the most, as new small industries are trying to enter the market.

b. Tax Changes: Tax changes also play a major role as a threat in any industry. It is important as it has a major contribution in the per unit price of a product, and if the tax percentage is increased then it will result in increase of a product which results in emerging of new competition. Fonterra being the leading industry is affected with their threats but being the most



successful industry with the range of products they provide helps them to overcome their threats.

## 6. 0 Conclusion

So in this assignment, I can say that Fonterra has started very earlier in 18th century but taken a great diversion with only one cattle which has been imported from Europe. They have brought a great revolution with effective use of marketing strategies and focusing on the right market and right customers. Fonterra has gone through the very hard stage but with the launch of new products they have overcome all the threats very effectively.

## 7. 0 References

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