

## Opportunities and limits to the future of the Australian farmed venison industry

Rodney J Cox<sup>1</sup>, GK Watson<sup>2</sup> TB McRae<sup>3</sup> and CM Cunial<sup>1</sup>

<sup>1</sup> Charles Sturt University, Faculty of Science and Agriculture, Orange NSW 2800 Australia

<sup>2</sup> Charles Sturt University, Faculty of Commerce, Orange NSW 2800 Australia

<sup>3</sup> University of Sydney, Faculty of Rural Management, Orange NSW 2800 Australia

[RoCox@csu.edu.au](mailto:RoCox@csu.edu.au)

**Abstract.** This paper amalgamates the results of two separate studies commissioned within the initial stages of developing an endorsed strategic plan for the Australian farmed venison industry. The first study was to ascertain factors limiting growth while the second study identified the Strengths, Weaknesses, Opportunities and Threats (SWOT) that exist within the industry. Extensive direct consultation with all levels of the Australian venison industry indicated that the industry is currently in a rapid decline. Current limits to growth revolved around a linked downturn in both the demand and supply areas of the industry stemming from a lack of consumer awareness and demand for venison. The SWOT revealed weaknesses that directly related to the relatively small size of the industry, its fragmented history and lack of cooperation within and across different sectors. Another major concern was that 52% of respondents saw the total collapse of the industry as an imminent threat. However, consultation with industry revealed several feasible opportunities were available and these were further explored and utilised in the development of the industry endorsed strategic plan.

**Keywords:** venison, limiting factors, SWOT analysis.

### Introduction

Within the initial stages of developing a strategic plan for the venison industry within Australia, two separate studies were commissioned. The first study was to ascertain factors currently limiting domestic market growth in the Australian farmed venison industry. The second review involved identifying the Strengths, Weaknesses, Opportunities and Threats (SWOT) currently existing within the Australian domestic farmed venison industry. A synopsis of these two industry appraisals will be amalgamated into this paper. However, as each study was conducted as a separate entity, both the methodology and results/discussion sections will present the limiting factors and SWOT analysis independently.

Although a review of literature revealed some existing limiting factors, strengths, weaknesses, opportunities and threats for the venison industry, results presented are from direct consultation with industry participants and experts outside the venison industry in food service, retailing and marketing.

### What are limiting factors and SWOT analysis?

Limiting factors and SWOT analysis are tools used in the area of strategic management to enable evaluation of a particular situation within a business, corporation or, as in this case, an industry (Wikipedia 2006). As the name suggests, limiting factors are the reasons why the situation is being restricted to its current circumstances. SWOT represents an acronym of the Strengths, Weaknesses, Opportunities and Threats that need to be identified to provide a framework for developing a strategy. Limiting factors and SWOT analysis enables subjective data to be organised into a logical order to enable evaluation of a problem and proactive thinking towards a strategic solution.

This first step in this type of analysis is the definition of an objective (Wikipedia 2006). Thus the questions posed are what are the strengths, weaknesses, opportunities and threats that enable or impede this desired result to be achieved? In the case of the Australian venison industry, the desired result was to increase the value of the Australian venison industry through a market focussed approach.

### Overview of the Australian farmed venison industry

A comprehensive evaluation of the Australian farmed venison industry is provided in the "Current Situation" document, that is, the third paper within the endorsed strategic plan series (Reference??). A brief review of the Australian farmed venison industry has been included in this paper to allow the current assessment to be placed into context.

Once commercial Australian deer farming was established in the early 1970's it expanded rapidly until the late 1980's on the strength of viable returns (Tuckwell 2003). A decline in returns,

primarily due to drought and associated high slaughter rates saw the industry experience a contraction in the early 1990's (Tuckwell 2003). Since then, the industry has been characterised by sharp fluctuations in demand and prices, features not uncommon to other rural industries, especially those that are heavily dependent on export markets.

The Australian venison industry is primarily an export industry, with approximately 90% of production being exported (Tuckwell 2000). Australia's largest competitor in the international market is New Zealand (Tuckwell 1999), with a limited supply of New Zealand venison entering the Australian market, mainly into Sydney.

As detailed in the "current situation" document, the Australian venison industry is presently in a slump. Over the last decade, the number of large-scale producers in the industry has drastically declined. Furthermore, herd numbers have decreased and there is a general lack of confidence in the industry (Tuckwell 1999). This is despite the fact that "deer are very hardy animals and relatively free of pest and disease problems. Most problems associated with deer are the result of stress, either nutritional, climatic or from handling and well managed deer suffers from very few health problems" (Mackay 1997, p37).

At the processor level, the industry's problems are further exacerbated with the unsatisfactory number of out-of-specification carcasses handled and the increasing number of processors ceasing their venison operations (Tuckwell 2003; Tuckwell 2004).

The current small size of the Australian venison industry also hinders its growth, as it is more susceptible and affected by price fluctuations (Horsley 2004). Subsequently there is reluctance to enter the industry at either the producer or processor level. Increased production of venison is the solution but unfortunately profitability is a major limiting factor (RIRDC 2004).

Compared to other protein sources, such as beef, lamb, pork and chicken, very little venison is consumed in the Australian market, with the majority consumed in upper end foodservice. As stated in Tuckwell (2000), there may be a "niche market" for venison in both Sydney and Melbourne.

Although research into profiling domestic consumers in relation to venison has been very limited, Tume published a comprehensive report in 1997 which looked at "The attitudes and usage of Australian farmed venison by the food service sector". Some of the key findings of the report included a comparison of consumer preferences between Australian and New Zealand product. Preference for Australian venison was mainly, *support Australia, prefer fresh meat, and price*, while *quality* was the main reason for preferring New Zealand venison. The vast majority of food service respondents (80%) believe that venison is a "premium product justifying a premium price" (Tume 1997). The issue of quality is vital as it was found that this criteria was most important when choosing meat for menus, followed by prompt delivery, good service, and price availability of specified cuts in equal rating of importance.

On a positive note, Tume (1997) commended the health benefits of venison, where she stated, "Australian venison is a lean meat which is endorsed by the heart foundation. Venison is low in fat, cholesterol and kilojoules – and high in protein and iron: the perfect meal".

## Research methods

Initially, a range of previously published information on the Australian venison industry was reviewed. It should be noted that the majority of the documents relevant to this study needed to be sourced from the Rural Industries Research and Development Commission (RIRDC), with limited venison publications being released during the past few years.

For both the limiting factors and SWOT assessments, experts outside the venison industry in food service, retailing and marketing were also consulted. Respondents were selected on the basis of availability for interview and their likely contribution towards appreciating and identifying the factors that are currently limiting growth in the venison industry and the industry's strengths, weaknesses, opportunities and threats. Contact lists were initially supplied via researchers and consultants who had previously investigated and monitored the Australian venison industry and these lists were further augmented via recommendations from industry participants as the study progressed.

### *Limiting factors methodology*

As mentioned previously, this paper is the amalgamation of two separate studies of the Australian farmed venison industry. The first study was to ascertain factors currently limiting domestic market growth for the industry. During September/October 2004, industry participants were surveyed via a producer workshop, together with telephone and face-to-face interviews, to ascertain current

limiting factors. Limiting factors were identified from different perspectives according to participants' supply chain position - producer, processor or retailer. Issues were organised into a spreadsheet, which indicated the factor nominated, together with the number of times it was mentioned by respondents. Given that the number of participants at each level of the industry varied in the study, seeking to prioritise these participant group factors at this initial stage was considered to be potentially misleading. Tabulation of the overall results enabled identification of the factors that were commonly mentioned across all participant groups.

### ***SWOT analysis methodology***

After completion of the limiting factors study, a SWOT analysis was completed for the Australian domestic venison industry. The methods used to detail the strengths, weaknesses, opportunities and threats included conducting workshops with producers, wholesalers and processors, conducting telephone interviews on a semi structured basis with industry stakeholders, and undertaking face-to-face interviews with a variety of operators in the venison supply chain, including industry recognised "key players". SWOT surveys were also mailed to 75 industry participants in early December 2004, of which 42 responded by either returned mail or supplementary follow-up phone interviews.

Grouping together analogous answers, condensed the number of different responses relating to the industry's strengths, weaknesses and threats. The condensed strengths, weaknesses and threats, together with all the opportunities, were organised into separate spreadsheets. These spreadsheets were used to tally the number of times a factor was mentioned by respondents. This tabulation made it possible to identify those factors that were frequently mentioned by respondents. In presenting these SWOT's, it is important to recognise that this depiction does not attempt to strategically prioritise the results but to simply detail what consultation with industry participants revealed.

A further workshop for processors and wholesalers within the industry was held on 15 March 2005. The primary aim of this workshop was to facilitate an environment whereby major players within the industry came together to discuss and identify opportunities for the industry. In addition to a selection of the opportunities identified by the surveys, opportunities formulated at the processor/wholesaler workshop, are presented later in this paper.

### **Limiting factors results**

In table 1, the factors limiting growth in the Australian venison industry are briefly summarised from the perspectives of:

1. Producers
2. Processors
3. Retail

Factors that are common across all levels of the industry are subsequently discussed in more detail. Limiting factors identified are not listed in order of importance. Percentages indicate the proportion of respondents in each sample group that mentioned the factor.

The factors that were "common" to all participant groups were:

- 1) Lack of person, persons, group or organization actively marketing venison in the Australian market;
- 2) Overall lack of demand for venison, with consumers on the whole unaware of venison as a red meat;
- 3) Lack of volume available for the domestic market;
- 4) Overall high cost of venison - in comparison to other rival meat sources; and
- 5) Lack of product meeting ideal specifications

Each of the factors commonly identified from the different perspectives within the supply chain warrant increased attention and is further discussed below.

### ***Lack of active marketing of venison in the Australian market***

Consultations with industry across all levels identified that many believed there was a distinct lack of a person, persons, group or organization actively marketing venison in the Australian context. While the majority of producers and processors commented that previous work done in this area

had been very beneficial, it was highly focused and only resulted in small volumes of meat being sold to the upper levels of foodservice.

While the entire industry believed that venison was a very saleable product with many notable attributes, there was a critical need for continuous marketing of the product at various consumer levels. Many producers expressed frustration, as they suspected the limited venison marketing was being quashed by the aggressive promotion of competing food products.

Currently in the industry, individuals carry out the majority of producer marketing, and as expected, their sole aim is to sell as much of their venison as possible. While many of the avenues to consumers used by these individuals have proved to be effective, producers fear that these efforts will become unsustainable over the long term. It should also be noted that given the declining state of the Australian venison industry, a number of producers have seriously considered marketing their own venison at one time or another but had not undertaken this for various reasons.

In the broader picture, the current domestic marketing of venison is largely undertaken by small domestic processors who have formed supply alliances with butchers and restaurants, along with numerous processors selling product at regional and farmers' markets. Most of the venison being sold through these avenues is branded and sold in cryovac packaging. This form of marketing is primarily achieved via a one-to-one relationship with each final customer, but it is very time consuming and often has high transport costs for relatively small volumes of meat. While this method does result in product being sold, the reported volumes are very small. Most processors stated that while this method for selling the product was very time intensive, they have been able to consistently sell product, with demand in most cases increasing slowly.

In summary, a key factor limiting the Australian venison industry is the lack of a concerted marketing approach by the industry as a whole. It is significant that all levels of the industry, from producers to retail, recognised this factor.

### ***Overall lack of demand for venison***

Over half of all respondents contacted in this study noted that the general lack of demand for venison represented an important limiting factor for industry growth. For instance, most producers stated that they believed the lack of demand was primarily due to unawareness of venison by final consumers as a red meat alternative to beef and lamb. Further contributing to the overall lack of demand for venison was a perceived disinterest by consumers towards secondary cuts and value added venison products. This statement was widely reinforced by the processors and retailers interviewed, with many stating that there was no difficulty in selling the premium cuts of venison, but the secondary cuts proved much more challenging to trade.

The majority of respondents believed that the lack of demand for venison was a multi-pronged issue, with no simple solution. Furthermore, the public's awareness towards venison was very limited with product, price, cooking methods and availability all apparently contributing to the overall lack of demand.

### ***Lack of volume available for the domestic market***

A limiting factor mentioned by all sectors of the industry, was the general lack of venison available within the Australian market. While official figures for venison production and consumption in the domestic market have been virtually non-existent, anecdotal evidence from interviews conducted in this study points to very little product being available in the market. It was estimated by a number of respondents that between 90-95% of all venison produced within Australia is exported, primarily to Europe and Germany, thus leaving a small supply volume for the domestic market.

Given the previously mentioned limiting factor of lack of demand in the domestic market, it is not surprising to discover that venison supply in this market is also low. Most respondents further noted that if demand was somehow increased quickly, the Australian industry might be unable to match this demand.

Another critical factor affecting supply availability in the domestic market is that consumer exposure to venison as a product is limited. It is crucial for consumers to have product available if they choose to try "something different". In interviewing a number of retailers about the limiting factors of venison, several commented that the supply and quality of venison available is very seasonal and this problem needs to be overcome.

### ***Overall high cost of venison compared to other rival meat sources***

Retailers and processors commented that one of the key factors limiting the Australian venison industry is the high cost of venison when compared to other rival meat sources, primarily beef, lamb, pork and chicken. Meat prices currently in Australia are at historically high levels, primarily due to the ongoing drought effects on supplies and strong export demand for meat. Thus, the comments that venison is comparatively too expensive are notable and can be reinforced by Trade, as well as Meat and Livestock Australia statistics. For example, in January 2006 the wholesale price of venison striploin was \$A35.00/kg compared to beef and lamb striploins of \$A8.30/kg and \$A5.35/kg respectively.

In seeking reasons for these price differentials between venison and other meats, one is the greater economies of scale in production for beef, lamb, chicken and pork. However, many industry participants believe that the cost of slaughtering deer is significantly higher than it should be and as a result, this excessive cost flows through to higher end consumer prices in the retail market.

Given the current competitive market in Australia for protein sources, combined with some food consumer segments becoming increasingly value-for-money oriented, the higher relative price for venison in the end consumer marketplace is likely to be a limiting factor for industry growth.

### ***Lack of product meeting ideal specifications***

Many respondents commented that a limiting factor for industry growth is the general lack of product meeting "ideal" market specifications. Ideal specifications can differ along the supply chain depending on whether the buyer is a processor or retailer but in the case of venison, ideal specifications will also differ in terms of whether the product is either Fallow or Red Deer.

Processors in particular commented that one of the main limiting factors from their perspective was the lack of deer meeting ideal specifications, with most deer being below ideal weight ranges. Tuckwell (2004) also identified this concern. Table 2 indicates the ideal specifications outlined by processors interviewed:

The lack of deer, both Fallow and Red, meeting ideal specifications created issues for processors in relation to their ability to provide customers with a volume of consistent product. The most common response from processors (57%) in relation to specifications was that the majority of deer slaughtered were under-weight and were not adequately finished by producers. This is in line with Tuckwell (2004) where it was highlighted that the number of underweight deer carcasses was an ongoing problem.

There is a flow on effect into the retail and foodservice sectors when there is a lack of deer meeting ideal processor specifications. Respondents interviewed within the retail and foodservice sectors also commented that the inconsistency of venison was a limiting factor to using or selling venison in their businesses.

### **SWOT results**

The survey of industry participants initially identified 35 strengths, 65 weaknesses, 27 opportunities and 43 different threats for the Australian venison industry. By regrouping similar responses, the strengths, weaknesses and threats were condensed to 19, 32 and 30 respectively. The commonly identified strengths, weaknesses, opportunities and threats are detailed in Table 3. Percentages indicate the frequency a factor was mentioned across all respondents surveyed.

#### ***Strengths***

*Health attributes* The majority of respondents acknowledged the health benefits of venison as a strength for the industry. Indeed, numerous literature sources widely acknowledge venison as a protein source that has several positive health features, including being high in iron and low in fat (Tume 1997). Many respondents also stated that given the current trend in Australian society towards an increased awareness of healthy eating, venison's healthy attributes were seen as a strength for the industry and something that could be capitalised on.

*Low disease factors* More than half of the industry participants interviewed for the SWOT stated that they saw the low disease susceptibility of the domestic deer herd in Australia as a strength for the industry. This low disease factor is further enhanced by Australia's "clean and green" image in many export markets.

*Undeveloped domestic market* The "potential" for increased venison consumption in the domestic market was stated as a strength by a number of respondents, particularly at the retail level. Many respondents stated that the domestic market's potential for venison has never been fully

investigated, or indeed, utilised. While respondents stated the undeveloped domestic market as a strength, it is clearly an opportunity for the industry, and as such, is discussed further in the opportunities section under "Increased marketing in both domestic and export markets".

*Positioned at the high end of food service* The perception that venison is positioned at the high end of the foodservice industry is seen as a strength for the industry. This high-end position is something that rival protein sources have been striving to achieve through many years of marketing and product improvement. While the responses of direct participants in the venison industry could be biased towards this view, several interviews and workshops with independent wholesalers, marketers and chefs reinforced this perception. Furthermore, almost all respondents external to the industry placed venison as a very "high end" product. A survey of the food service sector conducted by Tume in 1997, found that "80% of respondents believed that venison was a premium product justifying a premium price"

*No strengths* Given that this section of the report is effectively identifying responses from industry participants, the result that almost one-out-of-five respondents stated that the industry has no strengths at all needs to be given attention. While this response would be removed if the strengths of the industry were being ranked, it gives an indication of participants' current perception of the industry.

*Recognition with Europe* A number of respondents believed that venison's recognition with Europe was a strength and something that could be built upon. This strength can also be closely related to the above-mentioned strength of venison which is positioned at the high end of the foodservice industry.

Venison is traditionally eaten throughout Europe, particularly in Germany. It should also be noted that in the European markets, venison is subjected to seasonal consumption patterns, and is eaten normally during autumn and winter.

## ***Weaknesses***

*Processor sector weaknesses* The majority of respondents to the survey stated that they saw the processing sector as a major weakness for the Australian venison industry. The prime concern related to the small number of processors who are currently operating in the industry, and as a result, that large distances are required to transport stock to these processors. Other statements from respondents that related to the processing sector included a history of payment problems, difficulty in getting stock slaughtered and ongoing concerns towards accreditation for export markets.

While all sectors of the industry were surveyed, producers particularly identified this weakness. Tuckwell (2004, p. ??) reinforces this weakness, stating that "many major processors slowed or ceased most of their activities during 2003/04". Indeed, there was a general consensus within the producers interviewed that the processing sector of the industry had significantly shrunk, with a genuine concern about the ability of the remaining processors to service the industry.

*Lack of demand* A perception from industry respondents was that there was a significant lack of demand and awareness for venison in the domestic market. This issue was also identified as a limiting factor for the industry. Many respondents believed the lack of demand for venison was primarily due to a lack of consumer education about the product, including where venison could be purchased and appropriate cooking methods.

*Absence of growth initiatives* Many respondents saw that there was a significant lack of growth initiatives within the Australian venison industry, and as a result, a lack of excitement and enthusiasm within the industry. This includes the number of participants exiting the industry together, with very little effort currently being made to attract new participants.

The lack of many opportunities identified both in this report by industry participants and in the literature, further supports the absence of identified growth initiatives.

*Low supplies* A significant weakness for the industry is believed to be the historically low and fast declining Australian deer herd, with many respondents stating that the herd is approaching critically low levels. While estimates on the number of deer in Australia varied significantly, almost all respondents agree that the issue of declining herd numbers needs to be addressed quickly in order to prevent terminal decline.

*Specifications* The lack of deer for slaughter meeting ideal specifications has long been identified as a weakness within the industry. Indeed, Tuckwell (2004, p. 8) states, "The percentage of deer processed that have carcass weights less than ideal hot carcass weight is a continuing cause for concern". The majority of respondents who identified this weakness were processors and

wholesalers, and some producers also recognised this factor. Most respondents who noted this weakness, stated that one of the prime reasons for the deer not being finished to ideal specifications is that many producers are forced to sell stock when the opportunity arises, not when the stock are ready. This can be linked back to a lack of processor communication and killing schedules.

*Hobby farmers* A lack of large-scale venison producers is seen as a weakness for the industry, with the majority of producers classified as "hobby farmers". This comment is reinforced by figures released by the Australian Bureau of Agricultural and Resource Economics (ABARE 2004), where in 2002/03 there were less than 50 Australian deer producers who had an Estimated Agricultural Output (EVO) over \$22,500, compared to 432 producers in 1993/94.

*Administration problems* This comment was mainly directed at RIRDC and the Deer Industry Association of Australia (DIAA). When prompted, most phone respondents who stated this weakness commented that they thought research funding over the years had been misdirected and that the levy funds should have been allocated differently. The survey results were reinforced when a number of respondents stated that there had been too much money "wasted" on research reports and not enough money directed towards marketing programs.

*Uncooperative nature of the industry* An overall lack of cooperation within the industry was seen as a weakness, with many respondents commenting that previous initiatives within the industry have failed due to a lack of cooperation and cohesion.

### **Opportunities**

*Increase marketing of venison and its health attributes* Respondents believed that an opportunity existed for the industry to increase marketing efforts in both the domestic and export markets. They believed marketing in both markets had been underutilised, and that it should be funded through the industry levies.

When prompted, respondents' opinions on the success of previous marketing initiatives were mixed, however, almost all respondents who did mention this opportunity did agree that marketing efforts for the industry needed to be improved. Furthermore, a number of respondents stated that opportunities existed for the industry to increase the focus of its marketing on the positive health attributes of venison.

*Chief Executive Officer for the industry* Many respondents saw that the opportunity existed for the establishment of a full time CEO for the industry. Suggestions from respondents for the role of the CEO included overseeing the marketing for venison, enhancing cooperation within the industry and the creation/management of industry plans. It should be noted that the majority of people who included this suggestion as an opportunity, also stated in the weaknesses section of the report that the industry lacked cooperation and that administration of the industry was poor and misguided.

*Reduction of costs through supply chain* Although many respondents voiced frustration at the increasing cost of being involved in the industry (resulting in an inflated price for venison at the retail level), many believed an opportunity existed for the industry to work together to reduce costs through the value chain. The focus for the reduced cost ranged from killing costs through to transport, administration and wholesaling.

*Small pilot schemes* A select number of respondents expressed frustration at the level of funding available for individual business initiatives within the industry, along with the complex nature of applying for existing research funding. These respondents believed that there was an opportunity for the industry to establish a scheme whereby new initiatives within the industry could receive industry funding in a straightforward manner.

In mentioning this opportunity, almost all respondents expressed a frustration at the return on levy funds, and felt that such an initiative could see increased benefits flow to the industry.

### **Major opportunities highlighted at processor/wholesaler workshop**

The processor/wholesaler workshop held in Sydney allowed major players in the industry to converge and brainstorm opportunities for the Australian venison industry. A discussion of opportunities identified follows.

*Development of a horizontal alliance for the selling of by-products* Participants felt that the creation of a horizontal alliance for the selling of by-products would enable increased returns to flow to the industry. It would also enable more direct marketing of venison by-products. Most participants agreed that this opportunity warranted further examination.

Implementation of an industry-backed Australian branded product Workshop participants agreed that an opportunity existed within the Australian venison industry to have a branded product backed by the entire industry. The details and function of the brand still need further deliberation. Nevertheless, most agreed that a branded product could significantly benefit the industry if the brand is set up properly.

Introduction of an industry wide grading system After discussing the benefits of grading systems in other meat industries, participants acknowledged that there was the opportunity for an industry wide grading system for venison. It was thought that such a grading system would increase both the consistency and quality of venison produced.

Establishment of an industry wide common venison language Similar to the above mentioned grading system, participants also stated the opportunity existed within the industry to establish an industry wide common venison language. They believed this would be particularly beneficial in linking venison production from both Red and Fallow deer, but also in standardising language used across individual markets within Australia.

### **Threats**

New Zealand Almost two thirds of respondents believed the greatest threat to the Australian venison industry was New Zealand. When further prompted, most respondents were mainly threatened by the possibility of increased volumes of New Zealand venison entering the Australian market at lower prices and better quality than can be met domestically, effectively rendering Australian producers uncompetitive.

New Zealand is the world's largest producer of farmed venison, and has a deer herd of around 1.7 million head (as at 30 June 2004) (Deer Industry New Zealand, 2005). During the past reported year (October 2003 – September 2004), New Zealand produced 22,981 tonnes of venison, valued at NZ\$182 million. New Zealand traditionally exports around 90% of venison produced, with almost half of the exports going to Germany (Deer Industry New Zealand, 2005).

There are currently small volumes of New Zealand venison entering Australia, with the majority of product sold in Sydney. Interviews with industry experts revealed that the New Zealand product is largely sought after for its higher quality and consistency compared to the Australian product. This is in line with findings by Tume (1997) where venison users rated New Zealand venison as a higher quality product.

Total collapse Many respondents surveyed believed the Australian venison industry currently faces a real threat of total collapse. While the reasons for the possible collapse varied, this threat was reinforced through the asking of a supplementary question to all respondents of "where do you think the Australian venison industry will be in 5 years time?" Forty percent of respondents answered that they thought the industry would be non-existent in 5 years, with another 20% of respondents believing that the industry would be significantly smaller than it is now.

High costs The high costs associated with being in the industry, ranging from establishment costs, to killing and transport costs, are seen as a threat to the long-term viability of the industry. Aspects of this factor have been previously investigated in both the weaknesses and the limiting factors sections.

Small size Many respondents stated that the small size of the industry would limit growth. Several respondents also stated that in order to increase the size of the industry, the decline in numbers must be addressed first. Unfortunately, the herd sizes remaining would be so low, that rebuilding numbers would take many years.

Concern was also expressed that a sudden increase in demand probably could not be met, largely due to the small size of the industry. This would create more harm to the industry via a loss of reputation and possibly precipitating a major sell-off of breeding stock if prices for venison rose.

### **Conclusions**

After wide consultation with all levels of the Australian venison industry, the industry currently appears to be at one of its lowest points since its commencement in the early 1970's. Many respondents stated that the industry had been in a rapid decline over the past year, with low prices, reduced processor activity and weaker demand all contributing to the downturn.

A number of factors limiting domestic growth for the Australian farmed venison industry have been identified through this study with several common factors identified by all major participant industry groups. While many of the single factors mentioned by each different participant group can be expected, it is significant that members across the entire industry were aware of key factors



across all sectors, not just factors in “their own backyards”. This awareness is most likely due to the very small size of the industry, along with the various networks that exist within the industry.

Current limits to growth revolve around a linked downturn in both the demand and supply areas of the industry. In particular, a lack of consumer awareness and demand for venison is negatively affecting all sectors of the supply chain and will need to be addressed by future strategic change initiatives.

While there were several common strengths identified by respondents, in particular the health attributes of venison, it was of concern to the researchers that almost one-in-five respondents stated that the industry had no strengths. In general, most respondents found it very difficult to identify strengths for the industry, highlighting the current sense of “despair” within the industry.

The result that the weakness section of the survey was the most heavily answered is a further indication of how many participants currently perceive the industry situation. Indeed, the fact that the first three weaknesses highlighted were mentioned by over 70% of respondents reveals the depth of the weaknesses throughout all sectors of the industry. Many of the weaknesses identified in the report are directly linked to the relatively small size of the industry, combined with the industry’s fragmented history and lack of cooperation within and across different sectors.

As previously mentioned, the lack of opportunities mentioned by respondents again highlights the perceived state of the current industry and many respondents found it very difficult to think of any viable opportunities at all. The combination of the direct interviews with industry participants and lack of opportunities mentioned, demonstrated the lack of enthusiasm by industry participants. However, consultation with industry has revealed that there are several feasible opportunities available. These opportunities will be further explored in the development of an industry strategic plan.

Whilst it was largely expected that the majority of respondents would recognise the New Zealand venison industry as a threat, the result that 52% of respondents also saw the total collapse of the industry as imminent, is further indication of its current depressed state.

Finally, very few participants surveyed or reports reviewed have identified the end consumer’s requirement at both the food service and retail levels. The researchers on the other hand, believed that this information would be paramount in the development of the strategic plan. An independent study was commissioned to investigate the current attitudes of Australian domestic consumers and the food service industry towards venison. The results of this study were incorporated into the endorsed strategic plan.

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## Appendix

Table 1. Limiting factors results

|  |  |     |
|--|--|-----|
| Producer limiting factors                          | Lack of acceptable price points for the producer – the sharp fluctuation in prices received  | 55% |
|  | Inconsistency of industry specifications: Red deer versus fallow deer  | 35% |
|  | Increased costs forcing participants out of the industry   | 40% |
|  | Payment problems by processors   | 60% |
|  | RIRDC funding, legislation and previous research – the focus of a number of these reports has been wrong                           | 30% |
|  | Scheduling slaughter problems  | 45% |
|  | Cost of transport to selected processors – involves large distances  | 35% |
| Processor limiting factors                         | Competitive and uncooperative nature of the majority of participants in the industry   | 29% |
|  | Ongoing lack of commitment from foodservice, eg chefs (this is primarily due to a poor reputation established in previous years)   | 57% |
|  | Competition from New Zealand – easily available and normally sold at much cheaper prices than the Australian product               | 29% |
|  | Inconsistency of industry specifications: Red deer versus Fallow deer  | 57% |
|  | RIRDC funding, legislation and previous research – the focus of these reports has been “wrong”                                     | 86% |
|  | Increased costs are forcing participants out of the industry   | 86% |
|  | Slaughter scheduling that meets processor needs  | 43% |
|  | Fluctuating export demand  | 43% |
|  | Need to align industry to a larger, more powerful marketing body   | 57% |
| Education – for both new and existing participants | 71%  |     |
| Retail limiting factors                            | Competition is extremely fierce from rival meats; especially beef, lamb, chicken and pork  | 67% |
|  | Small size of the industry   | 17% |
|  | Lack of volume for the domestic industry   | 33% |
|  | Ongoing lack of commitment from foodservice, chefs etc. (This is primarily due to a poor reputation established in previous years) | 17% |
|  | Venison has lost its advantage of being a branded or differentiated product  | 17% |
|  | Education – for both new and existing participants   | 17% |

Table 2: Ideal specifications for red and fallow deer

| Deer type | Ideal weight specifications (carcase weight) |
|-----------|--|
| Red       | 55-65kg                                      |
| Fallow    | 20-25kg                                      |

Table 3. SWOT results

|               |   |     |
|---------------|---|-----|
| Strengths     | Health attributes of venison  | 64% |
|               | Low disease factors of domestic herds and Australia's clean green image                           | 53% |
|               | Undeveloped domestic market   | 33% |
|               | Positioned at the high end of the foodservice industry  | 25% |
|               | No strengths  | 19% |
|               | Recognition by Europe   | 19% |
| Weaknesses    | Processors - lack of, transport, payment issues, accreditation                                    | 75% |
|               | Lack of demand and awareness for venison in the domestic market                                   | 70% |
|               | Absence of growth initiatives – participants leaving the industry with no new entrants            | 70% |
|               | Poor overall supplies of deer for production – unreliable venison supplies and poor critical mass | 63% |
|               | Specifications – producers not meeting desired specifications                                     | 58% |
|               | Majority of producers are not full time and viable  | 58% |
|               | Administration of the industry is poor and misguided  | 43% |
|               | Uncooperative nature of the industry – lack of cooperation  | 43% |
| Opportunities | Increased marketing in both domestic and export markets   | 34% |
|               | Increased focus on marketing the health attributes of venison                                     | 28% |
|               | Establishment of a full time Chief Executive Officer for the industry                             | 25% |
|               | Reduction of costs throughout the value chain   | 19% |
|               | Introduction of small pilot schemes and funding for industry participants                         | 19% |
| Threats       | New Zealand   | 63% |
|               | Total collapse of the industry  | 53% |
|               | Overall high costs of the industry  | 53% |
|               | Small size of the industry will limit growth potential  | 45% |

