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INVESTMENT OPPORTUNITIES IN KIWIFRUIT PROCESSING

A Case Study in Product Development
that Considers the Advisory Role of the
New Zealand Ministry of Agriculture and Fisheries

A Thesis Presented in Partial Fulfilment
of the Requirements for the Degree of Master
of Agricultural Science at Massey University

Brian Alexander Cloughley

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ABSTRACT

This thesis is set in the context of the Economic Section of the Advisory Services Division of the New Zealand Ministry of Agriculture and Fisheries (MAF). MAF provides management advice to farmers and horticulturalists on what and how to produce.

The direction for MAF services is taken from the national development strategy which has historically centred on expansion of traditional agriculture, but is now focusing on the development of non traditional agriculture. This shift in strategy, which involves the development of new food and fibre products, has caused MAF to adopt an industrywide market orientation that focuses on the needs of consumers rather than methods of production, so that marketing and production of both primary and processed products could be considered within the domain of MAF advisory activities.

The Economic Section of MAF's Advisory Services Division is responsible for economic evaluations of opportunities in agriculture. While the national development strategy has centred on expansion of traditional agriculture these evaluations have concentrated on opportunities to improve farm management. With the shift in both the national development strategy and MAF's orientation to its work,

the Economic Section must consider industrywide market orientated economic evaluations of both product and management opportunities.

This study therefore involves the development and evaluation of an analytical framework for consumer orientated economic evaluations of new product opportunities. The analytical framework that is developed is, in the broadest sense, one of strategic planning, and it is evaluated through its application to a case study in kiwifruit processing. The results of the case study show that the framework is a useful one that allows a systematic consideration of new alternatives given information on markets and the objectives and characteristics of the developing firm.

The second aim of the study was to evaluate and discuss MAF's industrywide market orientated approach to its advisory work. The study concludes that MAF should confine its advisory services to on-farm production, and that MAF should assume an industrywide but not a market orientated approach to its work. It is also concluded that the Economic Section of MAF's Advisory Services Division should assume responsibility for the divisions strategic planning and that this planning should involve an industrywide approach to the evaluation of farm production opportunities. To this end it is considered that a production orientated version of the analytical framework developed in this study is appropriate for use by the Economic Section.

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