

The decision of the Government to purchase the total exportable output of butter and cheese from the 1st August, 1936, transferred all responsibility for marketing from the industry to the Government. For the first time in the history of the industry a single authority could make decisions in the broader interests of the industry as a whole. An industry viewpoint superseded the narrower and shorter-term viewpoint, and the marketing advantages of organized regulation became a reality under the system inaugurated by the Government. The desire of the Department is that a system of shipment and marketing of our dairy-produce should be developed which will ensure regular arrivals of butter and cheese of uniformly high quality, in fresh condition, delivered at the main distributing ports in the United Kingdom in quantities to meet the market requirements, and the sale of this produce on a consignment basis through accredited agencies with distributive outlets at a minimum cost to the producer and consumer.

MARKETING IN THE UNITED KINGDOM.

No drastic changes in the channels of distribution of New Zealand butter and cheese in the United Kingdom have been introduced during the season just closed. The services of those companies which, in the past, acted as selling-agents for New Zealand dairy companies were freely offered to the Primary Products Marketing Department, and the well-established organization of the New Zealand Dairy Board in the United Kingdom was transferred *en bloc* to the Department.

Single ownership of consignments by the Government has been substituted for multiple ownership by producing factories, but pre-existing channels of distribution, and the machinery of supervision and control, have been substantially improved.

In recent years, prior to the inception of Government purchase, New Zealand butter and cheese shipped to the United Kingdom have been either forwarded on consignment for sale to best advantage on arrival or sold on f.o.b. or c.i.f. terms. Some twenty-eight importing houses received consignments for sale on agency terms. Some of these houses also operated on c.i.f. terms, either on their own account or for the account of third parties.

In addition, certain brokers made sales, more or less intermittently, on f.o.b. and c.i.f. terms.

From these organizations the Primary Products Marketing Department selected twenty-two importing houses to act as their selling-agents, the objectives being—

- (a) To secure the services of sales organizations which would provide the maximum regular distribution of New Zealand butter and cheese to wholesale, retail, and manufacturing interests throughout the United Kingdom;
- (b) To retain those importing houses which were most likely to co-operate with the Department and with their fellow-agents in order to eliminate unregulated selling competition;
- (c) To create a minimum of disturbance in existing distributive methods.

So far as the 1936-37 season is concerned, these objectives have been adequately fulfilled. Agents are no longer under the necessity of maintaining expensive organizations in New Zealand in order to retain and increase their business with individual dairy-factory companies. The elimination of that expense through the inauguration of the present system is reflected in a reduction in the rate of selling-commission by $\frac{1}{2}$ per cent., equal to approximately £100,000 sterling on the season's output.

The method of dealing with agents is as follows:—

At the commencement of the season each agent is advised of the approximate total quantity of butter and cheese allotted to him for the year, and the brands of which that quantity is made up.

As soon as possible after the despatch of each shipment from New Zealand, agents receive notification of the quantity and brands of their portion of the consignment.

On arrival of the carrying-vessel at its destination the produce is placed at agents' disposal by means of delivery orders issued when the vessel commences to discharge.

After sales have been made settlement is effected in a manner convenient to all parties, having regard to the customs of trade; no advances are expected or payments made until after the produce has been sold.

The Department receives comprehensive daily returns of all sales made.

In addition, constant personal touch is maintained with each agent, and, in consequence, those entrusted with the disposal of our produce are able readily to obtain accurate information relating to sales, prices, stocks, and arrivals, which enables them to adjust their offerings so that, while goods are always available to meet buyers' requirements, there is an absence of undue sales pressure during periods of quiet demand.

OUTLETS FOR BUTTER AND CHEESE AND EXTENSIONS WHICH HAVE BEEN MADE.

WEST COAST SHIPMENTS.

The quantity of butter and cheese shipped to the West Coast United Kingdom ports continues to increase, and during the season under review all the major outports will have received larger quantities than in the previous year.

The increase of butter export was entirely absorbed by the outports, while in the case of cheese the outport requirements necessitated a reduction of the total shipped to London.

Shipments to Hull were resumed this season, and initial shipments made to Newcastle; it is hoped to increase the quantities to these ports and to provide a regular service that will enable steady development to be made.

An interesting comparison of the tonnage of butter and cheese received at United Kingdom ports during recent years is shown in the following tabulations:—