

Webber, Grahame (1988)

The Anchor story



Webber, Grahame (1988)
The Anchor story

BY GRAHAME R.P. WEBBER



This is the original Anchor symbol as it appeared
in 1886 from Henry Reynolds.

THE ANCHOR STORY I

The Anchor symbol as a brand for butter was first used in New Zealand in 1886 by Henry Reynolds, a Cornishman who emigrated to the new country to take up dairy farming and who later built a butter factory in the lush Waikato area. The reason for his choice of brand was not recorded, although one story has it that a tattoo on an engineer's arm was the inspiration. It might be that, for an early settler, this symbol of reliability and safe arrival was an understandable preference. In any event the image was easily identifiable and transferred neatly to the surface of the butter kegs.

In 1896 Mr Reynold's business - now eight factories - was purchased by the New Zealand Dairy Association. By 1919 the the Association had amalgamated with other companies to form the New Zealand Dairy Co-operative Company Limited - which adopted the anchor as its registered trade mark.

Anchor brand thus evolved commercially in 33 years from individual ownership and company symbol to become the trade mark of a supplier-owned co-operative.

The first appearance in Britain of the Anchor brand on a retail butter packet was at the Empire Exhibition, Wembley, London in 1924. Visitors to the N.Z. Co-operative Dairy Company's stand were able to purchase the butter in 1lb cartons ("The Leading Brand of the Choicest Butter from the Loveliest Dairy Pastures in the World") and receive a free Anchor butter knife. Butter for retail distribution was later packed in a British factory opened by the N.Z. Co-operative Dairy Company in 1927. The factory occupied buildings on the north side of the Thames between London Bridge and Great Queen Street.

The N.Z. Co-operative Dairy Company had been formed in 1919 when dairy companies in N.Z. were seeking control over the marketing of their produce. Prior to the first world war, representatives of London agents toured the companies to buy the season's butter and cheese to market through their own organisations. Competition between these agents led to a variety of deals and wide variations in price. In 1915, soon after the outbreak of war with Germany, central control was provided willy-nilly by the British government which commandeered the Dominion's dairy produce at a fixed price. The dairy companies were content enough with this experience of stability to regret a return to speculative trading when the war ended.

In 1922 the N.Z. Co-operative Dairy Company opened an office in London to supervise the company's sales and prices and, later, to handle the release of shipments to agents. The Company's managing director William Goodfellow - a man of some influence in the N.Z. dairy industry - approached other co-operative dairy companies to persuade them to join his company in setting up an organisation to market their produce and attain the control he considered essential for the industry's future prosperity.

This move led to the formation of Amalgamated Dairies Ltd - a company with the object of increasing the volume of produce under control of the London management to between 50% and 60% of the entire New Zealand shipment. Inter-company rivalries prevented this objective being achieved, and the N.Z. Co-operative Dairy Company concentrated on its own affairs, opening its own sales subsidiary - Empire Dairies Ltd, registered as a British company on 30th September 1929. J.B. Wright, European Manager for the N.Z. Co-operative Dairy Company, was appointed Managing Director.

The Company commenced trading on 1st October 1929 - marketing New Zealand and Australian butter and cheese together with evaporated milk, eggs, salmon and tinned oysters.

Sunny South was the main Australian butter brand and that for New Zealand: Anchor.

In the early 1930s Britain was suffering from the effects of the depressed economic situation. Butter at this time was cheaper than margarine, selling wholesale at £68 per ton and retailing at about 9d (4½p) per lb. Anchor butter was able to command a premium however, of about £1 per ton.

Shipments to London of bulk butter and cheese from N.Z. were off-loaded in The Royal Docks, beyond Tower Bridge, and brought up river to riverside cold stores in insulated barges.

A young lad who joined the Company in 1931 as an office boy recalls being sent by the Sales Manager to ensure that Empire Dairies' produce was first out of the holds, which sometimes involved 'dropping' 5/- (25p) to the dockers' foreman.

In its first six months of trading Empire Dairies' turnover was £1,100,000.

Output soon reached 70 tons per week and the Company hired two vans to deliver packets in the London area. Some packed butter was sent for local cold storage at the outports and agents until sold. Besides Anchor, the factory packed Australian Sunny South butter. Butters were also tinned for export to Africa - purchased by United Africa Co., part of Unilever - and a lucrative contract was secured to pack for the Royal Navy.

Sales of packeted butter in Britain continued to make steady progress throughout the 1930s although many grocers still sold butter off the block - patting and wrapping at the counter.

Advertising and promotion in the early days of the company was confined to newspaper advertisements, outdoor posters and window bills. A great deal of display material was produced. Model cows and dummy products were popular as were explanatory leaflets, especially those printed in colour.

In 1934 the Empire Dairies Sales and Promotion Department introduced the Anchor Club which issued a monthly magazine and gave membership badges to children who sent in the required number of empty - preferably washed - wrappers. The Club was presided over by an 'Uncle Anchor' who wrote to the children, organised outings and arranged for members to receive cards on their birthdays. Longest holder of this office was W.M. (Bill) Clark, who joined Empire Dairies from the N.Z. Co-operative Dairy Company at its inception and became manager of the newly opened Birmingham branch in 1936.

In that same year, Anchor brand celebrated its golden jubilee. Butter and cheese produced by the N.Z. Co-operative Dairy Company in 1935/6 totalled 47,500 tons and 7,625 tons respectively. This meant that Empire Dairies was already handling one third of the total New Zealand butter import. The Company's turnover for 1935/6 was £5,628,000 and there were now branches in Liverpool, Manchester, Glasgow, Nottingham and Birmingham.

Meanwhile, in New Zealand the government had formed a New Zealand Dairy Products Marketing Department to revive central control for the whole of New Zealand, but there was no attempt made to fix prices. The Department shipped butter and cheese from the factories to the account of the appropriate London agent. Empire Dairies continued to receive produce from the N.Z. Co-operative Dairy Company but via the Department.

During 1938, daily routine at Empire Buildings was interrupted, as in other offices throughout the country, by the threat of war and staff were being trained in Civil Defence by local councils. In September Prime Minister Chamberlain returned from Munich having staved off the onslaught - but only for one year.

With the outbreak of war in 1939 all butter and cheese in storage was requisitioned by the government and rationing began. Branding - what there was of it - disappeared and every packet of butter available in the shops was labelled National Butter.

Towards the end of 1940 Empire Dairies sent a cheque for £5,000 to the Minister of Aircraft Production - the cost of a Spitfire aeroplane. (A further £5,000 was paid later in the war to the Lord Mayor of London's distress fund for the relief of air raid victims.)

With the Ministry of Food still controlling the produce market in the U.K. the New Zealand dairy farmers had the security of bulk contract they enjoyed in the 1914-18 war. There was now more determination to see that their interests were protected in the long term and, in 1947, the New Zealand Dairy Products Marketing Commission was established - a joint government/industry body - and a proper guaranteed price scheme introduced.

During the early 1950s Britain was importing butter and cheese from fourteen countries with imports from New Zealand topping the list. Butter was de-rationed in 1954 and in the following year imports from New Zealand totalled 124,000 tons of butter and 83,000 tons of Cheddar cheese. Denmark was in second position for butter, Australia second for cheese and challenging strongly in the butter market. It was now possible to advertise again, and Empire Dairies had £12,000 ready for the

purpose. An Anchor sailor boy appeared on outdoor posters, on bus and tram sides and in the local press announcing the return of Anchor packet butter to the shops. The campaign concentrated initially on those areas served by the London packing factory.

As the end of the decade approached it was apparent that there were crucial years ahead. There had been problems with European countries who were dumping their butter on the British market whilst keeping their domestic prices high. This had been resolved, firstly by a quota system introduced by the British government and later by action in the countries themselves to increase home consumption of butter. In Britain butter consumption was climbing - estimated at 9,200 tons per week - despite a sharp increase in retail prices. The market was firm and the prospects were good. Empire Dairies needed good managerial guidance, and was fortunate in finding it.

Fernleaf butter was currently the biggest selling New Zealand brand, packed under licence by a number of U.K. agents, including Empire Dairies. Anchor brand was in second place and there were 150 other brands of New Zealand butter emanating from packing factories all over the U.K. Anchor butter sales for the opening year of the decade stood at 30,000 tons, and the brand was suitably poised to meet competition in these next years which were to see a revolution in food retailing. The concept of supermarkets arrived from America and the independent retailers, having converted to self-service, rapidly formed buying groups to counteract the buying power of the big supermarket chains.

As the 1960s progressed and Anchor became the premier brand, these became 'Anchor' demonstrations and young ladies wore appropriate dress with prominent Anchor logos.

A significant development in cheese production originating in New Zealand, during the 1960s was the introduction of rindless cheese. The traditional 80lb round of Cheddar cheese previously imported in crates from New Zealand was replaced by a 60lb and then a 40lb rindless rectangular block. This not only made the cheese easier to handle and store, but opened up pre-packing possibilities which were soon to change cheese retailing.

Anchor New Zealand Cheddar cheese had always been available in bulk, most recently in 40lb or 10lb rindless blocks. In 1969 Empire Dairies experimented with pre-wrapping the cheese in smaller weights. It was soon evident that a standard weight and first class presentation was necessary together with a long-life pack. A survey of the market revealed that, although a standard weight pack required a premium price, mainly because of the tolerance needed to maintain a correct weight, the customer was prepared to pay for consistent quality.

The introduction of a strongly branded cheese pack, to be advertised alongside the famous butter pack, was a move towards stronger identification - a significant move in the light of talks that Britain was currently having with Europe about possible membership of the European Economic Community.

1973 proved a watershed year for the New Zealand Dairy industry. For the first time New Zealand was faced with restricted entry to a market she had supplied for over a century and through two world wars. Britain joined the E.E.C. and, under Protocol 18 of the Treaty of Accession, New Zealand was required to reduce exports of butter to the U.K. to 138,000 tons annually by the end of 1977. For cheese the reduction was more severe down to 15,000 tons (from a 1972 import of 64,000 tons) over the next five years with no guarantee of a market beyond 1977.

In addition, import levies were to be applied which meant that the financial returns to New Zealand were based on the average prices received for the country's butter and cheese over the previous four years - which took no account of exchange movements and inflation.

The New Zealand Dairy Board responded positively by stepping up its advertising and promotional activities in the U.K. in order to sustain demand and emphasise the high regard British consumers retained for New Zealand dairy produce - particularly in the best-selling Anchor butter, now highlighted in all advertising as 'Britain's Favourite Butter'.

In July 1978, following submissions to Wellington, A.L. Friis, Chairman of the New Zealand Dairy Board, announced the building of a multi-million pound butter and cheese packing plant near Swindon in Wiltshire. This, he said, was evidence of the importance attached to the British market as well as an emphatic expression of confidence in the future.

The new plant was designed to have an ultimate capacity of 75,000 tonnes per annum and together with the London factory provide a large proportion of the packing requirements of central and southern England and Wales. Another concern with regard to contract packing had been the lack of control over hygiene. Specifications for the Swindon complex accordingly incorporated the highest standards for butter and cheese processing in the U.K.

With the announcement about Swindon came the news that as from August 15th 1978 Empire Dairies Limited would change its name to Anchor Foods Limited.

Len Brown, now General Manager of the new company, said: "As the name implies this step is a watershed in the history of the Anchor brand - the first step of a bold march into the future."

Anchor Foods burgeoned at a cracking pace. At its inception it was decided that sales order processing would be centrally controlled by computer. A totesales department was installed - five girls each with a visual display unit contacted between them 1100 customers per week. Customers' orders were typed into VDUs, linking distribution control, transport and accounts.

In 1982 Anchor Foods' first new product - UHT cream in an aerosol can - took the dairy trade by surprise and soared to a sales success which earned tributes from trade and consumers. Anchor could not have wished for a better start to its diversification programme.

Butter throughput, storage and distribution facilities at the Swindon complex were enlarged to increase overall capacity. New offices for Transport and Distribution personnel were planned and the cream production line was to be relocated into a new production hall. A neighbouring site of 5.8 acres was acquired to allow for further expansion.

By the end of 1985 the work had been completed. With the 100th anniversary of the Anchor brand just over the horizon the General Manager, Len Brown, announced his retirement. These first six years at Swindon had been hectic and eventful; the original staff of 160 in 1979 had increased to 325 and Anchor was no longer a 'one product' brand.

Despite the continuing market pressures and the decreasing quotas for New Zealand butter - 81,000 tonnes in 1985, 79,000 tonnes for 1986 and subject to negotiation after 1988 - Anchor still has a 25% share of the butter market and remains the biggest selling brand of butter in the U.K., but, as the name change foresaw, Anchor Foods is now a food company.

ANCHOR STORY II

To write about the Anchor Story I could not leave out the original Anchor Company and from where the Dairy Board secured the Anchor symbol in 1961.

The Company Purpose

The New Zealand Co-operative Dairy Company's purpose is to collect, process and market milk from shareholders farms, and to engage in such business activities as will maximise returns to the shareholders for that milk while ensuring the continuing success of the company.

The Company Objectives Are:-

1. To have the highest payout of all N.Z. dairy companies.
2. To maintain a sound financial structure.
3. To provide shareholders with efficient services.
4. To recognise and respond to customers' needs by providing them with excellent services and products.
5. To be the most efficient dairy company in everything we do.
6. To be the industry leader in products and services, excelling in quality and innovation.
7. To recognise the performance and contribution of our people and to encourage their personal growth and development wherever we can.
8. To develop and promote a favourable and well-informed public perception of the company and dairy industry.

THE COMPANY

The New Zealand Co-operative Dairy Company was formed in 1919 by the amalgamation of the three largest dairy companies in the South Auckland district at that time: The New Zealand Dairy Association, The Waikato Co-operative Dairy Company and The Thames Valley Co-operative Dairy Company.

Today the Company is owned by more than 4,700 supplying shareholders and is one of the largest co-operative dairy companies in the world.

With eight manufacturing sites from Paerata in the north to the Hauraki Plains, Waikato and Reporoa and manufacturing more than 300,000 tonnes of dairy product annually, the Company processes over one-third of New Zealand's total dairy production.

The Company's products are marketed under the Anchor brand which was first developed in 1886 by Henry Reynolds at Pukekura in the Waikato.

As well as manufacturing butter, cheese, casein and milk-powders in 40 specifications, the Company operates two ethanol plants which produce alcohol by fermenting whey (a casein by-product).

Two town milk stations, one at Takanini supplying all the requirements for Auckland City, and the other in Hamilton are also controlled by the Company.

Glen Afton Collieries, the Company's wholly-owned subsidiary, is the largest private commercial output in the country with two-thirds of this coal used to produce steam for processing within the Company and the balance sold to the New Zealand Electricity Department for power generation.

Services to Suppliers and Staff include 19 trading stores providing competitive retail facilities and a Finance Department assisting Suppliers and Shareholders with farm purchases and improvements.

The annual turnover of more than \$one billion is one of the highest for a manufacturing company in New Zealand.

Milk is collected from suppliers by a fleet of 200 milk tankers which travel 8 million kilometres annually in the collection of 2,000 million litres plus of wholemilk.

Company suppliers milk 737,000 cows with an average milkfat production of 152kg/mf. This has lifted from 124kg in 1950 through better breeding and greater use of Herd Testing Services through the Livestock Improvement Association. The average herd size in the Company has risen from 132 cows in 1978 to 165 in 1987, and in ten years total milkfat from 89 million kgs in 1978 to 119 million kgs in 1988.

PRODUCTS

Virtually all our dairy products manufactured for export is sold to the New Zealand Dairy Board for marketing overseas. The distribution and sale of our products on the local market is handled by Anchor Farm Products Limited, a Company partially owned by this Company.

A breakdown of Company products, their uses and markets, follows:

Export Markets

- | | |
|-------------------|---|
| Butter | Great Britain remains our largest and most lucrative market. Smaller markets exist in USSR, Middle East, South East Asian and Pacific countries. |
| Anhydrous Milkfat | Oil type formulations containing milkfat. Used mainly in confectionery and bakery products and in recombined milk. Sold to East Asian and Latin American countries. |
| Cheese | Japan and USA are major markets, also to UK and Australia. Feta cheese is now being produced for the Middle East. |
| Milkpowders | a) Skim milkpowders - used for recombining milk products, condensed milk, bakery, confectionery and meat products. Sold to Philippines, Malaysia, Indonesia, Japan, Peru, Latin America, Taiwan.
b) Whole milkpowders - used in formulation of babyfoods, home use, confectionery and bakery goods. Sold to East Asia, Latin America, Sri Lanka, Pakistan, Bangladesh. |

Taiwan, Japan, Caribbean, USSR, Middle East and Canada.

- c) Infant formulae - manufactured to buyers requirements for domestic and export (Asian destinations).

Casein and Caseinate Manufacture

In this area there is diversification away from industrial use (ie paper coating, paint and glue manufacture) to edible applications such as bakery goods, high protein and snack foods, imitation cheeses, coffee creams, cereals, pet and stock food. USA and Japan are dominant markets, also sold to Europe.

Lactalbumin

A milk protein derivative made from whey during casein processing, this is mainly used in bakery goods, breakfast cereals, diet foods, infant foods and nutritional bars with USA being the major market.

Ethanol

Alcohol made from whey for potable and industrial uses in New Zealand, and for export.

Cultured Foods and Dairy Desserts

Yogurts, desserts, novelties and the like for the domestic market.

UHT

Milk and milk products packed using up-to-the-minute ultra pasteurisation technology and paper packaging for local and export markets. Contract packing for other clients.

Only 5-10 percent of our production is for local distribution.

OTHER ACTIVITIES

- Five farming properties (1 sheep and 4 dairy units) fulfilling the role of disposing of factory wastes by irrigation.
- Staff Superannuation Fund with over 30 million invested in suppliers farms, staff housing, Government and Local Body Stock.
- Thames Valley Motors, a General Motors Franchise dealer providing vehicles and spares for the parent company.
- NZ Dairy Packers (50% owned) and Sachet Packaging (wholly-owned) are subsidiaries responsible for contract packing for the industry.
- A joint venture with the New Zealand Dairy Board in the Ultrapack Company manufacturing UHT (ultra high temperature) liquid milk products and packaging items such as fruit juices on a contractual basis for other companies.
- Investment in 20 allied companies including NZ Lumber Company, National Dairy Association, Auckland Farmers Freezing Co-op, N.Z. Farmers Fertiliser Company, C.B.L. Holdings and Datacom.
- Taylor/Frosty Boy (NZ) 50% owned.
- Taylor/Frosty Boy (Australia) 50% owned.

SUBSIDIARY AND ASSOCIATE COMPANIES

Amburys Milk Ltd	100%	
Auckland Milk Corp	60%	(D.B. 40%)
Anchor Acceptances Ltd	100%	
Anchor Superannuation Inv. Ltd	100%	
Anchor Supplies Ltd	100%	
Anchor Foods (NZ) Ltd	100%	
Clifton Collieries Ltd	100%	
Dairy & Veterinary Assn Ltd	100%	
Dairy Investments Proprietary Ltd	100%	
Eastern Collieries Ltd	100%	
Glen Afton Collieries Ltd	100%	
Hamilton Milk Producers Ltd	100%	
Riverlea Foods Ltd	100%	
Sachet Packaging (1977) Ltd	100%	
Thames Valley Motors (1979) Ltd	100%	
United Coal Company Ltd	100%	
Waikato Milk Company Ltd	100%	
Frosty Boy Australia Ltd	50%	
Maramarua Coalfields Ltd	50%	
N.Z. Dairy Packers Ltd	50%	
Pasturepak	50%	
Taylor Freezer Holdings (N.Z.) Ltd	50%	
Anchor Farm Products Ltd	100%	
The Cheese Factory (N.Z.) Ltd	33.3%	
N.Z. Lumber Company Ltd	33.3%	

A CO-OPERATIVE

The Company is co-operatively owned and controlled by the farmers who supply milk for processing into dairy products. Their shares are allocated in proportion to the quantity of milkfat supplied. This concept of ownership was established in 1901 to keep costs to a minimum and maximise returns to farmers.

The area served by the Company is split into 13 wards and the shareholders suppliers within each ward elect a Director, who must be a supplier shareholders, for a three year term.

The New Zealand Co-operative Dairy Company Board of Directors sets policy for the Company and is represented on the New Zealand Dairy Board by three seats. In setting Company policy, the Board is kept well aware of the thinking of suppliers through the Company Committeemen system.

Suppliers elect 320 Committee Representatives on a Ward basis and these Committeemen meet with Directors and Management six times a year.

SHAREHOLDERS

The Company's policy on shareholding is that the supplier holds one share for every 22½kgs of milkfat supplied.

The shareholder is entitled to attend all the General Meetings of the Company and vote as a shareholder.

In the case of a poll or postal ballot as would be required for the election of directors, one vote is allocated for every ten shares.

The 12 Directors hold office for three years and each year four retire by rotation and one year there will be five retiring.

Every three years a shareholder has the chance to nominate and vote for a Director to represent his or her ward.

Directors need not live in the ward they represent but must be nominated and seconded by Suppliers who supply from within the ward.

THE DAIRY INDUSTRY STRUCTURE

The New Zealand Dairy Board is the marketing arm of the dairy industry and is the sole exporter of New Zealand milk products. It is the world's largest exporter of milk foods, marketing a full range of milk products in bulk or in consumer packs.

Manufacture is co-ordinated by the Board and is geared to meet changing overseas demands by a system of financial incentives and disincentives and through response to the flow of commercial intelligence from the world's markets.

The Board offers its customers a total product development package so that products are made to customers exact specifications including new products that have not previously been manufactured in this country. The Board is represented in Australia, Bahrain, Tokyo, Singapore, Mexico City, Chicago and London with subsidiary or associate companies in Japan, Europe, the Mediterranean, Central and North America, the UK, South East Asia, the Pacific and the Caribbean and through a network of distributors and agents throughout the world, all provide direct and instant links with the Board's New Zealand head office in Wellington.

PROGRESSIVELY BUILDING FOR THE FUTURE

The New Zealand Co-operative Dairy Company is internationally competitive utilising skilled people with vision and training.

Management skills are honed on the front line of improved efficiency in the processing of 2.2 billion litres of milk into quality products for world markets.

The Company's eight manufacturing sites are linked by a sophisticated digital Vax 8600 computer network providing vital management information for efficient plant operation.

Specialist science and management skills are focussed on building a secure future for the Company's supplier shareholders, staff and communities which rely on the Company for their existence.

Quality of product is the most important factor if the New Zealand Co-operative Dairy Company is to remain a world leader. For this reason the Company places great emphasis on training of personnel for the functions they are required to undertake.

Training, motivation and pride in achievement are key components of excellent performance and the New Zealand Co-operative Dairy Company is building on quality and excellence for the future.

STATISTICAL REVIEW

Total Milk

