

## GUEST EDITORIAL

### New Zealand's first farm machinery co-op

by David Donnelly

Managing Director, Origin Agroup Ltd

Origin Agroup Ltd was established by a group of independent farm machinery retailers throughout New Zealand to import and distribute farm machinery to member shareholders.



The cooperative currently imports eight brands of non-competing products, mostly from European manufacturers.

The extensive product range includes forage harvesting equipment for silage making from grass mowers to hay rakes and self-loading silage wagons, as well as a full range of cultivation equipment and fertilizer spreaders, seed drills and animal mixer feeding equipment and a comprehensive range of after-market spare parts and accessories.

After only four years of operation and launching with products never before sold in New Zealand,



Origin Agroup has experienced formidable growth, firmly positioning itself and its products in the market, achieving a 137% increase in turnover compared to the previous financial year.

This rapid growth and expansion would not have been achieved using any other business model. Quite simply, our success is because we adopted a cooperative business model, based firmly on cooperative principles and ethos along with a constitution which fairly represents shareholder members' interests.

#### RESPONSE TO RETAILER FRUSTRATION

The farm machinery industry had previously been dominated by four major importer distributors which had the market fairly well controlled. Retailers were becoming frustrated with falling margins and pressure from these suppliers to only

sell their products. In many cases, though, they had to compete with other resellers who also had access to the same products nearby, or in some cases the same town.

It was a logical decision to provide the industry with an alternative supply of products and services to the farm machinery market which could look after its retailers with an exclusive range of products more fairly. The co-op structure is a proven business model which achieves this.

We also knew that simply starting up a new company to import farm machinery and introducing new products would be difficult, so we needed a point of difference that would benefit both the farm machinery retailer and their customers. Again, the cooperative model does just that.

#### EXCLUSIVE AGREEMENT

Origin Agroup imports its products directly from overseas manufacturers on exclusive distribution agreements, providing our shareholder members with a competitive range of quality products and parts from leading overseas manufacturers.

Co-op members have the security of knowing that these products are available for resale only by themselves and other members. This gives a tangible benefit: by supporting our products they support both themselves and the co-op in which they have invested.

Poised for further product and distribution expansion this year, we are also very interested in talking to any other co-ops to find synergies between each other where we can offer each other's products and services to members at special prices or terms to drive value in each other's memberships.

#### CO-OP CARD

I believe there may be a opportunity for the New Zealand Cooperatives Association to set up a "Co-op Card" which all members of NZCA co-ops can use to redeem special discounts and offers between co-ops, a kind of "Co-op Rewards". How about it? ●



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PHOTO: ORIGIN AGROUP LTD

This cooperative can be  
found online at  
[www.originagroup.co.nz](http://www.originagroup.co.nz)

Farm equipment at a field  
day

PHOTO: ORIGIN AGROUP LTD

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