New Zealand Retailers Are Ready To Buy

By Vinita Sharma

Although half a world away, New Zealand offers a familiar business environment for U.S. exporters, including language, communication and customs. New Zealand is a small country located in the South Pacific region. It is comprised of two main adjacent islands, the North Island and South Island, and a number of smaller islands.

New Zealand is a well-developed market consisting of 4 million people. New Zealand's population is diverse and multicultural. Approximately 76 percent of New Zealanders are of European origin, around 12 percent Maori, 6 percent Polynesian and 6 percent Asian. It has a strong and stable democracy and a well-developed economy.

In calendar year 2001, New Zealand imported $900 million worth of consumer-ready foods, out of a total $1.4 billion worth of agricultural imports. Australia supplies more than half the total value of New Zealand's consumer-oriented food imports, largely due to lower transport costs and the lack of tariffs on Australian food products.

The United States is New Zealand's second largest trading partner for agricultural products. New Zealand consumers view U.S. food products as innovative and of high quality. According to the FAS Wellington office, in calendar year 2001, U.S. agricultural exports to New Zealand totaled $100 million, much of which consisted of consumer-oriented products.

Demographic Shifts

New Zealand consumers are open to new and unique U.S. food products, and like their U.S. counterparts, they often eat

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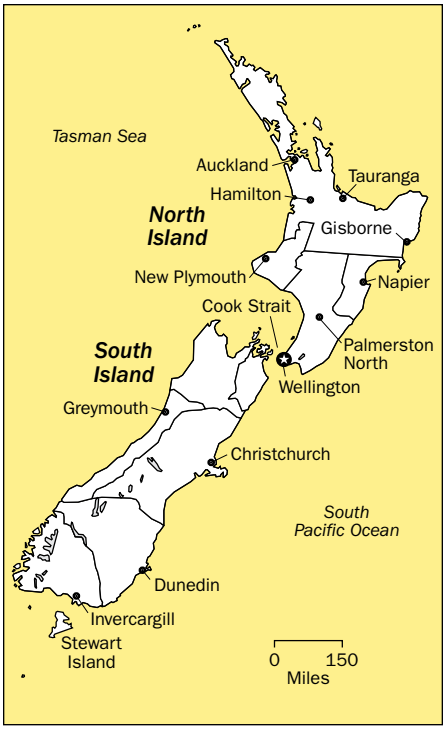
THE UNITED STATES ENJOYS A 12% SHARE OF NEW ZEALAND'S CONSUMER FOOD IMPORTS.



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on the run. Consumer-ready and convenience foods, therefore, are increasingly popular. Over the past four years, supermarket sales of ready-to-eat meals in New Zealand have doubled to $21 million.

The trend towards healthier meals is growing, and consumption of red meats and dairy products has been declining, while consumption of vegetables, fruits, fish and poultry has been increasing significantly.

Increased immigration has created demand for foods from Asian, Mexican, Mediterranean and Indian cultures. Not surprisingly, New Zealand supermarkets are responding by devoting increased shelf space to ethnic products.

As recently as 10-15 years ago, most people dined out at hotel restaurants, but a café culture and restaurants of international reputation are now firmly established throughout the country. Similarly, fast-food restaurants offering everything from burgers to kebabs are now a common part of the eating-out scene.

The typical New Zealand family spends about 20 percent of total household expenditures on food. New Zealanders spend almost one out of every four food dollars on meals away from home. By 2010, this is expected to increase to one out of every three food dollars.

Market Structure

The New Zealand grocery industry is highly developed, with supermarkets and convenience stores in all population centers. The New Zealand supermarket food retail sector is a $5 billion industry. Close to 70 percent of all retail food sales are made through supermarkets, with the balance through corner stores called dairies and gas station convenience stores.

New Zealand's retail food sector is

dominated by two large chains–Progressive Enterprises (owned by Australian retail giant Foodland Associated) and Foodstuffs (NZ) Limited. The latter holds 55 percent of the national supermarket business.

In addition to its stores, Foodstuffs Limited currently has three regionally based buying cooperatives. The regional offices make independent buying decisions, so U.S. exporters should contact each of them in order to make sales. By contrast, Progressive Enterprises conducts all its New Zealand buying through its headquarters in Auckland.

A major challenge to expanding U.S. consumer-oriented food exports to New Zealand is the significant output of products produced in Australia by multinational food companies that come into New Zealand duty-free. This includes many familiar U.S. brands, including Kellogg's, Campbell's, Mars, Ocean Spray and Old El Paso. Other companies process products within the region, such as Nabisco, which has cookie operations in Indonesia.

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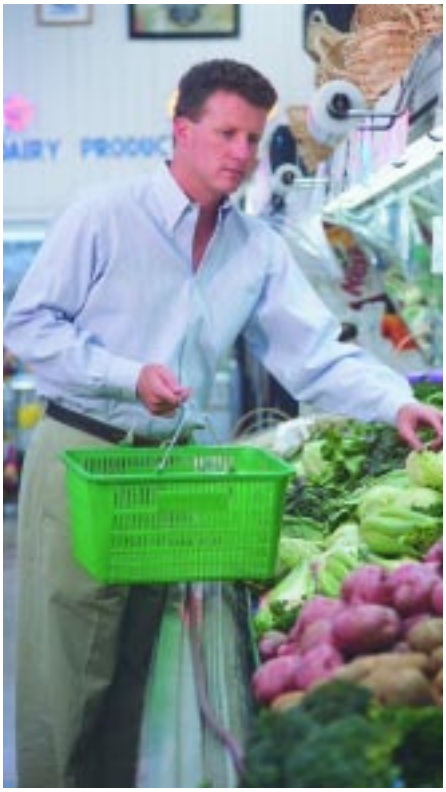
Tariffs on imported goods from countries other than Australia and Canada usually range from 0 to 7 percent, and the government intends to lower them more over the next few years.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Exporter Tips

New Zealand is a sophisticated market that is interested in new-to-market food products. New Zealand's importers like to deal directly with U.S. manufacturers rather than brokers. Local agents and distributors can help in facilitating and promoting exports of some U.S. consumer-ready foods. Many importers visit the United States at least once a year to see what the market has to offer.

Every year, several New Zealand importers attend popular trade shows like the Food Marketing Institute and Fancy Food shows to seek new and unique products. These trade shows are also good places for U.S. exporters to meet New Zealand importers. Trade shows in New Zealand that target food importers also offer a good opportunity for U.S. exporters to showcase their wares.

The FAS Wellington office regularly participates in New Zealand food shows. In August this year, FAS will organize booths in two important trade shows—Foodstuffs' Fresh Food Show (geared to fresh produce, fish, meats, tree nuts and dried fruit) and New Zealand Hospitality Show (mainly for consumer-ready food products). These events offer a great opportunity for U.S. exporters to introduce their products at a very modest cost (exporters will incur only mailing costs if the food products have extended shelf-life). These trade shows will target New Zealand food industry buyers, importers and wholesalers. ■

The author is an administrative assistant with the FAS office in the U.S. Embassy, Wellington, New Zealand. For more information, or assistance in entering the New Zealand food market, contact that office at: Tel.: (011-64-4) 462-6030; Fax: (011-64-4) 462-6016; E-mail: fas@usda.america.org.nz

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