

New Zealand Consumers Opt for Quality

By Vinita Sharma

The largely urban population of New Zealand supports an advanced food and agricultural marketplace—two-thirds of its 4 million residents live in Auckland, Wellington and Christchurch. With a highly competitive, export-oriented agricultural and food industry, New Zealanders know and seek high-quality, good-tasting foods. They also have a penchant for trying new products.

U.S. Consumer Products Best Sellers

Approaching \$50 million in 2001, U.S. consumer-oriented sales accounted for about 45 percent of total U.S. agricultural exports to New Zealand. And here's why:

- In 2001, half of New Zealand's home cooks took advantage of prepared ingredients and "heat-and-eat" chilled and frozen foods.
- Sales of ready-to-eat meals have doubled over the past four years to \$31 million.
- Consumption of ethnic carry-out meals is on the rise.
- And even in this land where lamb retains its traditional popularity, close to half of the population eats at least one meat-free meal weekly.

Two Supermarket Chains Dominate

The two chains that dominate the country's supermarket sector, Foodstuffs (NZ) Limited and New Zealand Progressive Enterprises, operate more than 360 stores throughout the country.



Over 150 are in Auckland, 91 in the lower half of the North Island, which includes Wellington, and 115 in the South Island.

Supermarkets usually offer a variety of products that encompass fresh produce,

salads, sandwiches, deli foods, prepared pasta and bakery products, fresh seafood, gourmet cheeses, other dairy products, and frozen and dry packaged groceries. Foodstuffs Limited has begun offering other services, like banking. The major



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chains buy fresh fruit and vegetables from both local suppliers and importers.

Gasoline + Convenience Store

Open 24 hours a day, almost 1,500 gas station convenience stores account for about 20 percent of retail food sales. Five competing gasoline companies operate in New Zealand. They sell fast food, snacks and a limited range of grocery items.

Just over two years ago, the first stand-alone convenience store, not connected with a gas station, appeared in a neighborhood where foot traffic is predominant. Another recent trend is a supermarket chain partnering with a gasoline station chain to offer greater shopping convenience.

One gasoline convenience store company has introduced a food concept novel to the country—fresh, café-style food and gourmet coffee, available 24 hours a day.

Traditional Stores Still Present

About 1,500 small groceries (called

dairies, which offer a limited selection of staple and snack foods) and specialized fresh produce shops account for most of the remaining retail sales.

Traditional, open-air markets that specialize in fresh produce and fish are still found in cities. Dairy stores often depend on these markets and supermarkets for their food supplies.

Consumers Lean Toward Convenience

New Zealanders 18 to 44 years old tend to rely less on the three traditional daily meals; they snack between meals and are concerned over pricing, the environment and eating healthy.

Aside from a common interest in price, consumers over 45 have different food purchasing criteria: product quality, service, safety and convenience.

Biotech Approval Process in Place

New Zealand consumers are becoming increasingly aware of, and concerned about, the food they eat.

FSANZ (Food Standards Australia New Zealand) develops and maintains New Zealand's traditional and biotech food standards. The New Zealand Food Safety Authority enforces labeling laws.

New Zealand's labeling requirements are similar to those of the United States. New FSANZ labeling standards for domestic and imported food products took effect in December 2002.

The new labels must contain nutritional information panels that list the percentage content of the main ingredients, major allergens, details about the New Zealand importer and a "best before" date for foods with a shelf life under two years. Measurements must be in metric. If a product contains a biotech ingredient, the words "genetically modified" must be next to the ingredient. Stickers are allowed but must not obscure other label information.

New Zealand began a mandatory standard for foods produced using biotechnology in 1999. Any foods sold in the country that were produced using gene technology must be assessed by and listed in the food code standards maintained by FSANZ.

Biotech foods on the market when the standard went into effect are currently sold under a temporary exemption. Approval is contingent on having obtained approval from foreign health agencies like the U.S. Food and Drug Administration or having an application under FSANZ review. As of April 2003, FSANZ had approved 20 of 24 applications.

There are some exemptions from biotech labeling of foods:

- Highly refined foods from which novel DNA or novel protein is removed (the "novel" designation identifies a product

with DNA or protein varying from traditional products as a result of gene technology)

- Additives and processing aids that do not contain novel DNA or novel protein in the final food
- Flavorings at or below 1 gram/kilogram (0.1 percent) in the final food product
- Up to 10 grams/kilogram (1 percent) biotech content per ingredient of food in which its presence is unintended
- Foods sold from vending vehicles, restaurants, take-away outlets, caterers or self-catering institutions

Further details on New Zealand's food standards, including a list of approved biotech products, can be found at: www.foodstandards.gov.au

Best Market Entry Strategies

Since 90 percent of all imported retail food is distributed through New Zealand agents and distributors, U.S. exporters need to find importers who can target food buyers representing convenience stores and supermarket chains. A good way to find these importers is through

Best Sellers

Many multinational companies, including some headquartered in the United States, have food manufacturing bases in Australia and established brands in the New Zealand market. Aside from Australia and Canada, whose products enter duty-free, the United States faces limited competition in exports of consumer-oriented food products to New Zealand. These products are doing well:

- Fresh fruits, especially grapes, stone fruits (nectarines, peaches and plums), strawberries, cherries, citrus and pears during the off-season
- Snack foods, including almonds, pistachios and walnuts
- Dried fruits, including raisins, mixes, dates and figs

- Microwaveable meals, frozen foods, meal replacement drinks, soups, pasta, sauces, dressings and canned foods
- Fruit juices and flavored drinks
- Health foods, such as high-energy bars and drinks
- Organic foods, including cereals and snacks
- Niche market food preparations, especially new products or those offering special nutrition, convenience or taste qualities
- Pet food
- Canned salmon

And for those looking to develop or expand into new markets:

- Ethnic foods
- Wines, particularly high-end varieties

contacting the FAS Wellington office and participation in international food shows.

Many convenience stores still buy their wares from supermarkets, but this trend is changing as they turn to importers and local manufacturers.

Advertising and product sampling in supermarkets help promote new items. Suppliers can also advertise in national

food retail magazines. Fresh products can be marketed directly through specialty importers who offer storage and handling services to major supermarkets.

Specialty importers may also be good candidates as buyers of dried fruits, nuts and other consumer-ready products. Dry food products are often imported in bulk and repackaged into smaller retail sizes. ■



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For details, see FAS Report NZ2039. To find it on the Web, start at www.fas.usda.gov, select **Attaché Reports** and follow the prompts.

