



USDA Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Template Version 2.09

Required Report - public distribution

Date: 11/14/2007

GAIN Report Number: NZ7029

New Zealand

Retail Food Sector

Annual

2007

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Report Highlights:

During the June 2006/07 year, New Zealand's retail grocery sales were valued at over NZ \$13 billion (US \$9.5 billion). Nearly 70% of these sales are made through 800 supermarkets nationwide. On a value basis, Australia is New Zealand's largest agricultural supplier with a 47% market share in CY 2006 followed by the United States with a 9% market share. U.S. agricultural, fish and forestry exports to New Zealand were \$174 million in CY 2006.

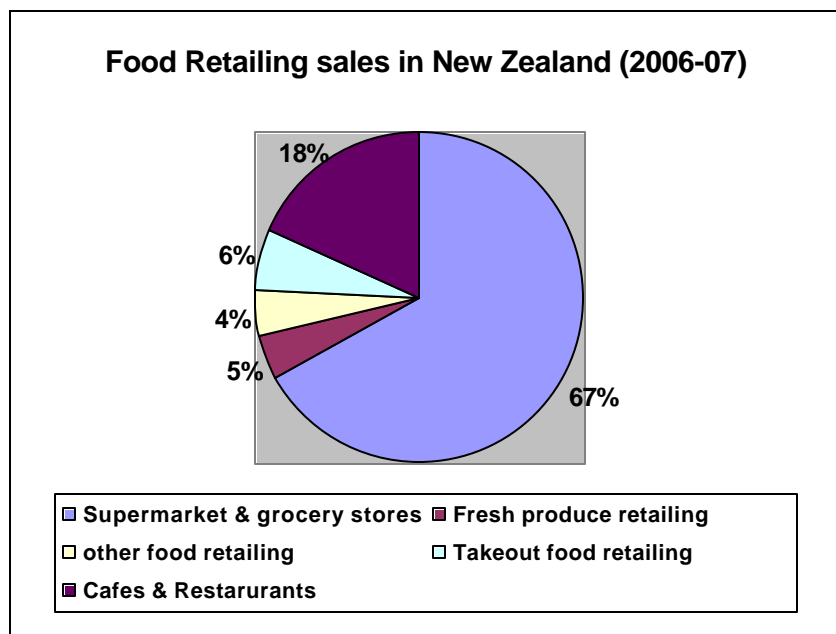
Includes PSD Changes: No
Includes Trade Matrix: No
Annual Report
Wellington [NZ1]
[NZ]

Section I: Market Summary

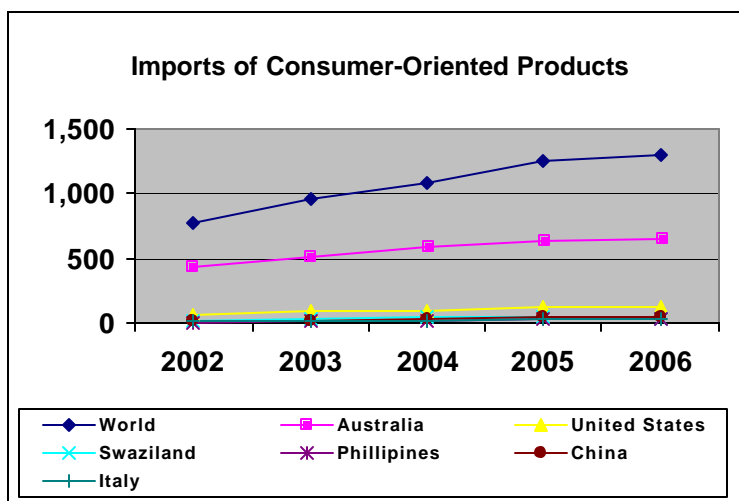
Comparable in size to Colorado, New Zealand is an island country with a diverse multicultural population of 4.23 million people. It is a largely urbanized society with over half of the population residing in the four largest cities: Auckland, Wellington, Christchurch and Hamilton. With a population of 1.3 million, approximately one-third of New Zealanders live in Auckland.

The retail grocery market in New Zealand is well developed with supermarkets, small-scale grocery stores, fresh food specialty stores and convenience stores in all the major population centers. New Zealand's retail grocery sales were valued at over NZ \$13 billion (US \$9.5 billion) during the June 2006/2007 year. The majority of retail grocery sales, nearly NZ \$11.2 (US \$8.2 billion), are made through 800 supermarkets countrywide. (This figure includes all retail products sold through supermarkets including food and beverage products, cleaning products, gardening supplies, etc.) Supermarkets dominate the grocery retail sector accounting for an estimated 67% of all retail food product sales as compared to 18% for fresh produce retail stores/independent stores and approximately 8% for gas stations/convenience stores. (Source: FMCG)

Despite GDP growth of less than 3 percent in 2006, the retail sector, including supermarkets, continued to perform relatively well with growth in excess of 5%. Within the retail sector, supermarkets and traditional grocery stores experienced the highest absolute growth rate of 7.8%. Takeaway food retail sales grew by NZ\$144 million or 13.6%, accounting for 6 cents in every retail food dollar spent (Grocers Review, Nov. 2007).



Source: AC Nielsen, Grocery Report 2007 (FMCG)



Source: Global Trade Atlas

New Zealand total consumer-oriented product imports were valued at US \$1.3 billion in CY 2006, up nearly 4% from the previous year. Major suppliers are Australia with a 50% market share followed by the United States (10%) and China (4%). Australia's leading consumer product exports are wine, food preparations, cookies, and breads/cakes/pastries. Leading U.S. consumer-oriented exports are fresh fruit, processed fruits and vegetables, fruit and vegetable juices, snack foods, nuts, frozen red meat and pet foods. China's top exports are sugar confections, peanuts and pasta.

Value of New Zealand's Agricultural Imports (US\$ Millions)

2002	2003	2004	2005	2006	Avg. Annual Growth
1,185	1,389	1,599	1,777	1,867	13.5%

Source: Global Trade Atlas

New Zealand total agricultural imports have grown from US\$1.18 billion in 2002 to US\$1.8 billion in 2006 (Global Trade Atlas). Australia is New Zealand's largest agricultural supplier and holds a 47% market share. Australia's main exports include sugar, wine, wheat, food ingredients, cookies, bread/pastries, and pet food. The United States is the second largest exporter of agricultural products to New Zealand with a 9% market share. Major U.S. exports include food preparations, pet food, pig meat, and fresh fruit. Malaysia is New Zealand's third largest supplier of agricultural products with a 3% market share. Top exports include palm oil, vegetable fats, soybean oil, cane/bear sugar, cocoa butter and coconut oil.

Some of the advantages and challenges U.S. exporters face in New Zealand include:

Advantages/Challenges for U.S. Consumer Food Exports to New Zealand

Advantages	Challenges
Familiar business and cultural environment; no language barriers to overcome	New Zealand labeling laws are different from those in the U.S.
Minimum barriers to trade including relatively low tariffs	Strict phytosanitary/sanitary regulations with regard to fresh produce and meats
U.S. products enjoy a quality reputation along with their novelty status, although competition is tough	Consumer foods imported from Australia and Canada enter duty-free, while U.S. exports are assessed tariffs between 0-7%
U.S. fresh fruits supplies are marketed during New Zealand's off-season.	The Treaty of Closer Economic Cooperation with Australia eliminates tariffs on Australian products, which gives them a competitive advantage.

Section II: Road Map for Market Entry

Entry Strategy

U.S. exporters interested in the New Zealand market should make it a point to develop a good understanding of their major competitors, the local consumer trends, distribution channels, and recent developments in the retail sector before adopting a market entry strategy.

- U.S. exporters should consider entering the New Zealand market through an importer/distributor, agent or broker that specializes in a specific category and are well connected with local supermarket chain operators. Local food importers, agents and brokers have a network of distributors and retailers and should be familiar with regulatory requirements, clearance procedures at the port of entry, and logistics to transport the imported foods.
- There are two supermarket chains in New Zealand Foodstuffs (NZ) Limited and Progressive Enterprises. U.S. exporters interested in supplying these chains should either contact Progressive Enterprises head office located in Auckland or each of the three regional Foodstuffs offices as they make buying decisions independently of each other. (See Section VI for contact information).
- Fresh products can be marketed directly through specialty importers who offer storage and handling services to major supermarkets. Dry food products often are imported in bulk and repackaged into smaller retail sizes by importers/distributors.
- New Zealand importers frequently make purchases from suppliers met at international food shows such as FMI in Chicago, ANUGA in Germany, and SIAL in France.
- Advertising and product sampling in supermarkets helps promote new-to-market items. Product also can be introduced/advertised using key retail magazines in New Zealand such as FMCG and Grocers' Review.

- U.S. exporters should consider exhibiting novel and innovative products at New Zealand food shows, such as Foodstuffs Food Show, Hospitality Show and Katrina Gordon Trade Show. Interested exporters should contact the Agricultural Affairs Office at agwellington@usda.gov. (See Section VI for contact information).

A. Supermarkets

Market Structure

Supermarkets dominate the grocery retail sector accounting for an estimated 67% of all retail food product sales as compared to 18% for fresh produce retail stores/independent stores and approximately 8% for gas stations/convenience stores. (Source: FMCG)

In 2006, New Zealand consumers spent approximately NZ \$13 billion (US \$9.5 billion) in New Zealand's 800 supermarkets. (This figure includes all retail products sold through supermarkets, i.e. food products, cleaning products, gardening etc.)

Two supermarket chains, Foodstuffs (NZ) Limited and Progressive Enterprises Limited, dominate the New Zealand retail sector. Foodstuffs Limited has a 57% share of the New Zealand grocery market with 455 stores and Progressive Enterprises has a 43% share with 193 stores.

Since it began in 1925, the Foodstuffs organization has grown to become the country's biggest grocery distributor and one of New Zealand's largest businesses. The organization consists of three separate, regionally based, retailer-owned cooperative companies and a federated body called Foodstuffs (NZ) Ltd, which is based in Wellington. The regional cooperatives are: Foodstuffs Auckland Limited, which covers the middle to upper North Island; Foodstuffs (Wellington) Co-operative Society Limited, which covers the southern half of the North Island; and Foodstuffs South Island Limited, which covers the entire South Island. Each regional company is owned by its retail members and operates autonomously with its own board and management.

The Foodstuffs cooperatives are leading distributors of groceries throughout New Zealand and own and manage extensive warehousing and transport operations. Foodstuffs companies operate comprehensive cash and carry operations to service the needs of dairies (corner stores), service stations, catering and institutional customers. Retail operations operate under various groupings including a full service supermarket called New World and warehouse style supermarkets called PAK'nSAVE or Write Price. Each individual store is owner-operated by a cooperative member. According to Nielsen surveys, New World and PAK'nSAVE/Write Price account for over 56% of supermarket sales in New Zealand.

In the Foodstuffs organization, food buying decisions are made by the ranging committees of each of the regional cooperatives. The committee members are selected supermarket owner/operators in a given region. However, supermarket owners/operators can also import food products directly for their stores. U.S. exporters interested in supplying this organization should contact each of the regional Foodstuffs offices. (See Section VI for contact information.)

Foodstuffs (NZ) Limited is diversifying by opening petrol stations across many of its stores, a process facilitated in many cases by site ownership. Foodstuffs currently has 22 petrol outlets in total, 20 at PAK'nSAVE stores and two at New World. Foodstuffs has also opened

three dedicated liquor stores. (Supermarkets are allowed to sell wine and beer but not spirits.) These dedicated stores will sell a full range of alcoholic drinks and related products.

Progressive Enterprises Limited, a subsidiary of Woolworths Limited (Australia) operates the Foodtown, Woolworths and Countdown supermarket groups in New Zealand. It holds 45 percent of retail grocery market share. Progressive employs approximately 18,000 people nationwide within 148 supermarkets, 22 Woolworths Quickstop and Micro convenience stores, several meat processing plants, warehouse operations and support offices. Progressive is also the franchise coordinator for the FreshChoice and SuperValue franchise groups.

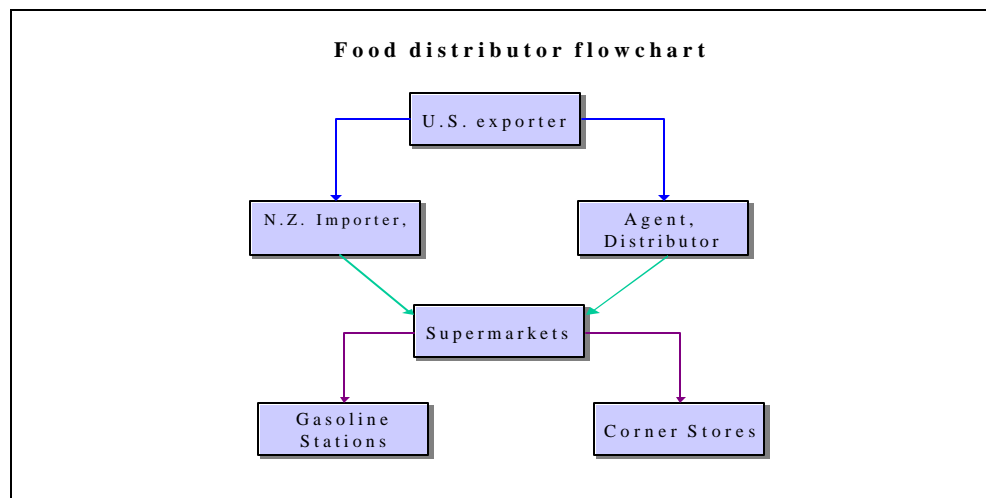
Woolworths Limited purchased Progressive in May 2005. The purchase included 63 Woolworths stores, 30 Foodtown, 57 Countdown, 31 Supervalu, 12 Fresh Choices and 22 Woolworths Micro and Quickstop Convenience stores. The Australian parent company provides strategic and budgetary decisions to Progressive Enterprises, however, all major operations and decisions (including import purchasing decisions) are made through its headquarters in Auckland (See section VI for contact details).

A new entrant in the New Zealand supermarket industry is the Warehouse Group. The Warehouse has large merchandise stores located nationwide. In 2007, Warehouse announced its expansion into the grocery sector under a banner, Warehouse Extra. These stores will offer general merchandise and grocery products, including fresh produce. Currently, Warehouse Extra is present in Auckland, however, the company plans to expand to other cities by June 2008.

Top Food Categories Sold Through Supermarkets (as of December 31, 2006)			
Growth Rank	Department	Dollar Sales (NZ \$million)	Percent charge over previous year
1	Sugar	3,657,189	26.3%
2	Soup	2,807,239	23.7%
3	Prepared Dips	4,084,008	23.6%
4	Rice	1,787,885	22.6%
5	Unprocessed & Baking Nuts	1,438,375	20.4%
6	Health bars	6,521,588	19.7%
7	Frozen meals	3,379,940	18.9%
8	Packaged & prepared meals	3,379,940	18.5%
9	Carbonated Fruit Juice	2,392,150	17.6%
10	Infant Formulas	3,184,697	16.8%
11	Sauce & Gravy Mixes	1,507,705	16.6%
12	Flour	1,827,334	16.2%
13	Oils & Fats	5,410,397	15.7
14	Tonic food drinks/drinking chocolate	2,217,809	14.3%
15	Wine	71,832,591	14.2%
16	Dried Fruit	2,652,460	14%
17	Coffee	11,007,582	13.9%
18	Herbs & Spices	2,840,096	13.3%

Source: FMCG, April 2007

New Zealand's supermarket distribution channels are relatively simple. Individual supermarket chains have distribution centers located throughout New Zealand to supply their retail outlets. Supermarkets source food products from domestic manufactures or directly from local importers/distributors. Approximately 80 percent of all imported food products are sold through supermarkets in New Zealand.



Company Profiles

Retailer Name and Outlet Type	Ownership	NZ\$ Sales	Number of Outlets	Locations	Purchasing Agent Type
Foodstuffs (NZ) Ltd	New Zealand owned; made up of three independently owned co-operatives	7.21 billion	641 (including Pak n Save, Write Price, New World, and Four Square)	Throughout New Zealand	Importer/Distributors/Retailers
Progressive Enterprises	Owned by Woolworths Limited (Australia)	2.60 billion	191 (including Woolworth, Foodtown, Countdown, Supervalu, and FreshChoice)	Throughout New Zealand	Importers/Distributors/Retailers
The Warehouse Group	New Zealand Owned	374 million	48 stores (including Warehouse, Warehouse Extra)	Throughout New Zealand	Importers/distributors/retailers

Source: Foodstuffs/ Progressive Homepage

B. Convenience Stores, Gas Marts and Kiosks

Market Structure

In 2006, over 1,000 gasoline convenience stores operated throughout New Zealand. They are the main players in the convenience store market accounting for an estimated 8% of New Zealand's food retailing industry. Total sales through convenience stores account for NZ\$690 million (US\$ 503 million), food and beverage sales is approximately 6.5 percent of the total sales. These stores are generally open 24 hours a day, seven days a week. Gas

station convenience stores generally offer a limited grocery range and ready-to-eat meals. These convenience stores source their food products from the supermarket chains.

A recent trend in New Zealand is the partnership of supermarket chains with gasoline stations to offer greater shopping convenience. Woolworths supermarket chain has a partnership with the Gull gasoline company, which will offer two types of convenience stores: smaller stores called Micros and larger convenience stores called Quickstop. Micros and Quickstop stores are complimentary to Woolworth's larger supermarket store format. The in-store range covers some 3,000 lines. These include cold drinks, snacks, freshly baked bread and other bakery products.

New Zealand's two supermarket chains are also offering customers discounts on gasoline purchases. For instance, Shell Oil and Progressive Enterprises offer a grocery fuel discount scheme where customers are given fuel coupons for shopping at Progressive Supermarkets. Foodstuffs, which operates the New World and PaknSave chains, are offering similar grocery fuel discount scheme to be used at Caltex and PaknSave individual fuel stations.

Caltex's Star Mart convenience stores have been highly successful. Start Marts are located not only at gasoline stations but also at locations where foot traffic rather than vehicular traffic is prominent. In these outlets, Star Marts do not sell gasoline.

Company Profiles

Retailer Name (Store Name)	Ownership	No. of Outlets	Locations	Purchasing Type
Caltex (Star Mart)	U.S.	312	Nationwide Starmart-12 Privately owned-300	Wholesalers/Distributors/NZ Manufacturers
Shell (Select)	New Zealand	226	Nationwide	NZ Manufacturers/ Wholesalers/ Distributors
British Petroleum (BP Connect, Express and BP 2 GO)	British	260	Nationwide BP Connect-77 Express-3 BP 2 Go- 101 Others- 79	Wholesalers/Distributors/NZ Manufacturers
Mobil (On the Run and Mobil Mart)	New Zealand	215	Nationwide On the Run- Auckland (15) Mobil Marts -(200)	Wholesale/Distributors of Progressive Supermarkets
Gull (Woolworths Quickstop)	New Zealand	30	North Island	Wholesalers/Distributors of Woolworths NZ

Source: Caltex, Shell, BP, Mobil, Gull officials

C. Traditional Markets and Small Independent Grocery Stores

Market Structure

Traditional markets or corner stores in New Zealand are called "dairies". These outlets are declining in New Zealand because of the popularity of gasoline station/convenience stores, which operate 24 hours a day, seven days a week. Most dairies usually offer a limited selection of staple groceries and snack foods such as milk, bread, soda, potato chips, ice cream and candy. U.S. exporters have limited opportunities for sales of U.S. food products through dairy stores, which tend to source their inventory locally through large retail

supermarkets. New Zealand does not have a 'terminal market' system that independent small grocers can use to source products.

According to AC Nielsen, fresh food retailers continued to expand their networks in 2006 including increased store numbers for Fruit World and the Mad Butcher. Gourmet retailers such as Nosh appeared in Auckland and farmers markets continued to expand throughout New Zealand.

D. Hypermarkets

Market Structure

The Warehouse Group comprises 85 Warehouse stores in New Zealand and 43 Warehouse Stationary stores. The Warehouse is one of New Zealand's largest retailers with a wide range of departments including apparel, technology, music and gardening, among others. It reported sales of US\$273 million in 2007 through its Warehouse stores. In 2006, New Zealand supermarket chains Foodstuffs (NZ) Ltd and Progressive Enterprises each bought 10 per cent stake in Warehouse Group, however, New Zealand's Commerce Commission rejected the takeover clearance bids because of the potential for the Warehouse to compete against supermarkets. Foodstuffs and Woolworths have recently taken this case to the High Court, appealing a Commerce Commission decision blocking them from making a takeover for The Warehouse.

In 2006, The Warehouse launched New Zealand's first hypermarket store in Auckland called 'The Warehouse Extra', which will offer a full range of general merchandise and food. These stores will offer general merchandise and grocery products, including fresh produce. Currently, Warehouse Extra is present in Auckland, however, the company plans to expand to other cities by June 2008.

SECTION III. Competition

Australia supplies more than 47 percent of the total value of New Zealand's imports of consumer-oriented food products, due largely to lower transport costs and the Closer Economic Relations Agreement, which eliminated tariffs on Australian food products. U.S. food products are assessed import tariffs ranging from 0-7%.

Many multinational companies, including U.S. firms, have a manufacturing base in Australia and offer well-established brands of food products into the New Zealand market. The United States is the second largest supplier of processed foods to New Zealand, holding a 10% market share. There is some competition from certain Canadian products, particularly canned fish (*salmon*), bacon and pork products and a few grocery items such as mayonnaise, pickles and syrups. Canadian products enter New Zealand duty free.

Product Category (2006)	Major Supply Sources	Strengths of Key Supply Countries	Advantages and Disadvantages of local suppliers
Fresh Grapes Imports: 9,403 Tons	1. U.S. 46% 2. Australia 19% 3. Chile 35%	1. U.S. able to supply counter-seasonal fruits. 2. Australia is geographically close 3. More price competitive than U.S. grapes	New Zealand is a producer of wine grapes, and it is more economical to import table grapes.
Fresh Fruits (Apricots, cherries, peaches, plums) Imports: 3,321 tons	1. U.S. 76% 2. Chile 23%	U.S. able to supply in counter-seasonal season.	New Zealand is a producer of these fruits, however, during May through October local fruit is unavailable creating a window of opportunity for U.S. fruits.
Pears Imports: 3,471 tons	1. U.S. 38% 2. Australia 45% 3. China 14%	1. U.S. pears represent new season fresh pears when competition is from older/controlled atmosphere stored pears, which are of poorer quality and more limited availability. 2. Australia mainly supplies Packham variety of pears. 3. Import is for specialist Chinese variety pears, predominately consumed by Asian population.	U.S. pears are available off-season from September through December, when local/other imported pears are from older/atmospheric controlled storage and also have limited available during that period.
Citrus Fruit (mandarin, orange, grapefruit, lemons) Imports: 19,202 tons	1. U.S. 55% 2. Australia 44%	1. U.S. able to supply counter seasonal fruit and quality of U.S. citrus is considered superior to other citrus available in the market. 2. Australia enjoys close proximity to NZ and produces high quality citrus fruit.	New Zealand has a small citrus industry and the quality is considered a bit inconsistent.
Fruit Juices Imports: 24,671 tons	1. Australia 47% 2. Brazil 20% 3. China 13% (U.S. has an 3% market share)	1. Australia enjoys close proximity to NZ; Australia/NZ have similar tastes. 2. Price competitive in supplying fruit juice. 3. Price competitive in supplying fruit juice.	New Zealand has limited production of fruit concentrates/juices.
Processed Fruits & vegetables Imports: 102,768 tons	1. Australia 26% 2. China 20% (U.S. has a 5% market share)	1. Price competitive, duty-free access and geographical proximity. 2. Price competitive.	New Zealand has limited processed fruit and vegetable manufacturers. Local crop shortfalls also encourage import of these products.
Dry Fruit (Dates, Figs, raisins) Imports: 1,763 tons	1. Iran 62% 2. Turkey 17% (U.S. has a 3% market share)	1. A traditional supplier of dates and more price competitive than U.S. products. 2. Price competitive in figs market	No local producers of dates, figs and raisins.
Dry Nuts (almonds/walnuts/pistachios) Imports: 6,862 tons	1. Vietnam 22% 2. U.S. 16% 3. Australia 9%	1. U.S. has reputation for good and consistent quality. 2. Mainly almonds are imported from Australia and have close proximity to NZ.	New Zealand is not a producer of dry nuts.

Snack food (Unpopped microwaveable popcorn, potato/corn chips) Imports: 43,197 tons	1. Australia 70% 2. China 5% 2. U.S. 3%	1. Multinational companies located in Australia enjoy economies of scale and are competitively priced. 2. U.S. snack foods are considered high quality and price competitive.	Food ingredients for other snack foods are expensive to produce locally, therefore, it is cheaper to import. U.S. microwaveable popcorn has good potential as it is not grown/produced locally.
Breakfast Cereal Imports: 14,544 tons	1. Australia 87% 2. UK 4% (U.S. has a 3% market share)	1. Multinational companies located in Australia like Kellogg's are the major suppliers of imported cereals.	Food ingredients for producing local breakfast cereals are expensive to grow.
Pet Food Imports: 40,922 tons	1. Australia 55% 2. U.S. 40%	1. Australia is price competitive in pet food products. 2. Premium quality pet foods are supplied from the U.S.	Domestic manufactures are strong in canned foods, dog biscuits and other low priced dog foods.

Source: Global Trade Atlas; NZ Food importers; Masterpet official; NZ Harmonized Tariff

SECTION IV. Food Trends and Consumer Purchasing Habits

Food Trends

- A top growth category is gluten-free foods. Popular items include breads, cereals and snack foods.
- New Zealand's aging population and a media focus on health is contributing to an increasingly health conscious consumer with a desire for fresh, diverse and healthy foods.
- Snack food perceived as healthy is one of the fastest growing retail food segments in New Zealand. New Zealand household consumption of snack bars has grown to more than \$33 million a year and is expected to reach \$62 million by 2008 - an annual growth rate of 4-5 percent in both value and volume.
- Single-serve products that are nutritious, such as yogurt and fresh fruit, are increasingly popular. Healthy lunch box foods and snacks for kids with innovative packaging are also growing in popularity.
- The trend toward meat-free meals is growing. Half of all New Zealand consumers eat at least one meat-free meal per week.
- Riding a consumer wave towards low fat and convenience, poultry products continue to show an upward trend. Frozen chicken sales surpassed US \$19 million in January 2006, a 2.7% increase from the previous year.
- While there is expanding interest in healthy foods, according to a recent report by the New Zealand Ministry of Health, the average New Zealand household spends more on confectionary every week than on fresh fruit.
- Family meals – eating together every night of the week in a planned way – are disappearing.
- The traditional New Zealand 'starting from scratch' meal is on the decline while consumption of ready made, frozen foods and ethnic carry-out foods is increasing.
- Approximately two-thirds of those who cook spend less than 30 minutes preparing the evening meal, with 18 percent spending less than 15 minutes.
- New Zealanders are moving away from the traditional sit-down breakfast. Sales of breakfast bars, liquid breakfasts (yogurt based etc.) and hot cereal rose 20 percent in 2005.

- A multi-cultural population is fostering an increase in the consumption of ethnic foods, with a grater emphasis on regional cuisines such as Cantonese, Sechuan, Goan etc. rather than just Chinese or Indian.
- While New Zealanders have been slow to embrace organic foods, mainly because of New Zealand's clean and green image and New Zealand consumers consider conventional foods as healthy foods. However, interest in organic food is growing, especially in fresh fruit and vegetables, which is growing at the rate of 15 percent per annum. Other organic foods are also showing growth of 8-10 percent per annum.
- The increasing number of cooking shows on television, including the recent arrival of a food channel on New Zealand television, combined with growth in culinary tourism and more articles and magazines devoted to food continue to influence food tastes in New Zealand.
- In June 2007, private label sales reached to NZ\$1 billion. This represented a 6.6 percent growth than previous year. Private label share of packaged goods remained unchanged at 11.4 percent.
- New Zealand consumers are switching to lower fat versions of bakery products, including reduced salt levels, eliminating ingredients such as hydrogenated vegetable oils, artificial flavors, colors and additives.

These trends have resulted in growing demand for healthy, convenient, easy to prepare, single serving, innovative, ethnic, vegetarian and organic foods, among others.

Purchasing Habits of New Zealand Consumers

- An average household spends approximately NZ\$5,000 per annum in supermarket. Consumers visit supermarkets on average every five days and an average basket size consisted of NZ\$63 (US\$ 46), an increase of 3.8% over last year.
- According to ACNielsen's Shopper Trends study, over 40% of households frequently shop at a fruit and vegetable store and over 20% shop frequently at butcher shops.
- Convenience, health and value continue to underpin New Zealand consumers purchase decision.
- Approximately 40 percent of New Zealand consumers are concerned about the obesity issue, as per the survey conducted by AC Nielsen. Overweight and obesity rates are very high in New Zealand and account for over 9,000 deaths annually particularly among minorities and economically disadvantaged groups.
- Food safety of imported foods has been another major concern for New Zealand consumers. Consumers are not only analyzing the ingredients in the products, but also question where the product is produced as well. An online AC Nielsen survey shows that 77 percent respondents felt that labels should include country of origin details.

Section V: Best High-value Product Prospects

<i>Product Category</i>	Total Imports 2006 (US\$ millions)	5 Year Average Annual Import Growth	Import Tariff Rate	Key Constraints over Market Development	Market Attractiveness for U.S.
Fresh Grapes	\$16,321	23%	Free	NZ is a small market; competition from Chilean and Australian grapes.	High growth potential. Consumers want fruits to be available year round.
Fresh Fruits (apricots, cherries, peaches, plums)	\$4,476	29%	Free	Some consumers have a slightly negative quality perception of imported fresh fruits.	U.S. can supply counter-seasonal fruit. Consumers want fruits to be available year round.
Pears	\$3,869	35%	Free	Consumer resistance to unfamiliar varieties such as red Anjou pear.	NZ is one of the first markets to get the fresh pear crop.
Citrus Fruit	\$19,202	15%	Free	Small market	New Zealand consumers appreciate quality of U.S. citrus.
Fruit Juice	\$31,031	14%	5-7%	U.S. products are expensive compared to product from some competitor countries.	Value-added juices/ concentrates with health and nutritional benefits have potential to grow.
Processed Fruits & Vegetables	\$152,390	14%	0-7%	U.S. products are expensive compared to other countries such as China.	U.S. has a reputation of supplying good quality product. To be successful, product must be price competitive.
Dry Fruit (dates, figs, raisins)	\$2,511	14%	Free	U.S. is price competitive in raisins; faces tough competition in dates/figs category.	Expanding demand for good quality and healthy foods.
Dry Nuts (almonds/ walnuts/ pistachios)	\$27,417	24%	Free	Competition from Australia and other countries; need to be price competitive to maintain market share.	U.S. dry nuts are considered high quality. Market share can be expanded if price competitive and promoted as healthy and nutritional snack food.
Snack food (unpopped microwaveable popcorn, potato/corn chips, confectionery)	\$155,945	16%	6.5-7%	Australia and New Zealand enjoy similar tastes/flavors in snack items.	Market growth is high in microwavable popcorn category due to increasing demand for convenience and snack food.
Breakfast Cereal	\$32,630	21%	Free	Multinational companies in Australia enjoy economies of scale, making their products price competitive vis a vis U.S. products.	Media is promoting breakfast as an important meal of the day which might help growth potential.
Pet Food	\$65,869	13%	0-7%	Price competitive products from Australia.	Strong demand for premium products.

Source: Global Trade Atlas; NZ Food importers; Masterpet official; NZ Harmonized Tariff

SECTION VI. POST CONTACT AND FURTHER INFORMATION**Agricultural Affairs Office**

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Email: Rebecca.mcgill@nzfsa.govt.nz
Internet Homepage: <http://www.nzfsa.govt.nz>

Ministry of Agriculture and Fisheries (MAF)

PO Box 2526
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New Zealand
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Fax: 64-4-474-4111
Internet Homepage: <http://www.maf.govt.nz>

Restaurant Association of New Zealand

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Fax: 64-9- 378-8585
Internet Homepage: <http://www.restaurantnz.co.nz>

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