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New Zealand

Retail Food Sector

Annual

2006

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Report Highlights:

Supermarkets/grocery stores are the largest sub-sector of the New Zealand retail market accounting for over 20% of total retail sales and 16% of retail sector employment. Two supermarket chains, Foodstuffs NZ Limited and Progressive Enterprises Limited, dominate the New Zealand retail food market with market shares of 57% and 43%, respectively. Approximately half of U.S. agricultural exports to New Zealand are consumer-oriented products. Some of the most important U.S. processed product exports to New Zealand on a value basis are pet food, spirits, dried fruit, processed red meat, miscellaneous consumer-ready products, shelled nuts, raisins, nuts, and salty snacks. On average, the United States accounts for approximately 10 percent of New Zealand's imported consumer-oriented food and beverage products.

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Section I: Market Summary

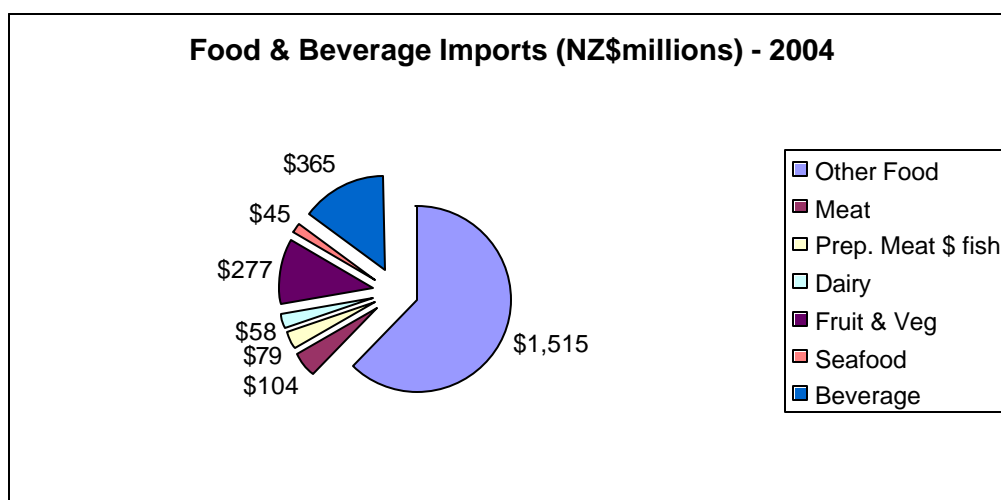
The retail sector, an important part of the New Zealand economy, has exhibited strong growth since 1999 with an average annual growth rate of between four and eight percent. Supermarket/grocery stores is the largest sub-sector in the New Zealand retail market accounting for 20.4% of total retail sales and 16% of retail sector employment. Supermarket and grocery store sales grew 7.1% in 2004 as compared to an average annual growth rate of 6.2% since 1999. (Source: Reserve Bank of New Zealand)

Supermarkets dominate the grocery retail sector accounting for an estimated 80% of all retail food product sales as compared to 14% for “dairies” (corner stores) and approximately 6% for gas stations/convenience stores. (Source: FMCG)

In 2005, New Zealand consumers spent approximately NZ \$10.5 billion (approximately US \$7 billion) in New Zealand’s 648 supermarkets. (This figure includes all retail products sold through supermarkets including food products, cleaning products, gardening supplies, etc.)

New Zealand food and beverage imports have grown from NZ \$1.4 billion (US\$93 million) in 1994 to NZ \$2.44 billion (US\$1.62 billion) in 2004, the latest year for which figures are available. “Other food”, which includes miscellaneous food, baking-related products, preserved foods, and cereals, accounts for over 60% of New Zealand’s food and beverage imports, followed by beverages at approximately 15%, fruits and vegetables at 10% and meat (primarily pork) at just over 4%. Within the “other food” category, products showing the most growth include grain-based products, miscellaneous foods, preserved foods and baking-related items, such as pasta and biscuits.

New Zealand Food and Beverage Imports by Product Type
(Millions of NZ\$)



Source: Coriolis Research-Mapping the structure of NZ Food & Beverage Industry

New Zealand’s agricultural imports increased by 15.5% from US \$996 million in 2001 to US \$1,777 million in 2005. The United States is New Zealand’s second largest agricultural trading partner after Australia. U.S. agricultural exports to New Zealand reached \$181.5 million in 2005, approximately half of which are consumer-oriented products. The most important U.S. processed product exports to New Zealand on a value basis are pet food, spirits, dried fruit, processed red meat, protein concentrate, miscellaneous consumer-ready products, shelled nuts, oilseed flour meal, raisins, nuts, sweetener and salty snacks. On

average, the United States accounts for approximately 10 percent of New Zealand's imported consumer-oriented food and beverage products.

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

2001	2002	2003	2004	2005	Avg. Annual Growth
996	1,185	1,389	1,599	1,777	15.5%

Source: Global Trade Atlas

Comparable in size to Colorado, New Zealand is an island country with a diverse multicultural population of 4.15 million people. It is comprised of two main adjacent islands, the North Island and the South Island, and a few small outlying islands. It is a largely urbanized society with two-thirds of the population residing in Auckland (1.2 million), Wellington (451,600), and Christchurch (344,000). The majority of New Zealanders are of British descent. New Zealand's indigenous Maori make up around 15% of the population. A well-developed market, it shares similar business practices to those in the United States. 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

A. 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).

B. Supermarkets

Market Structure

Supermarkets dominate the food retail sector in New Zealand accounting for an estimated 80% of all retail food product sales as compared to 14% for corner stores called "dairies" and approximately 6% for gas stations/convenience stores. (Source: FMCG)

In 2005, New Zealand consumers spent approximately NZ \$10.5 billion (US \$7 billion) in New Zealand's 648 supermarkets. (This figure includes all retail products sold through supermarkets, i.e. food products, cleaning products, gardening etc.)

Value of Agricultural food import
(US\$ Millions)

2001	2002	2003	2004	2005
996	1,185	1,389	1,599	1,777

Source: Global Trade Atlas

Two supermarket chains, Foodstuffs (NZ) Limited and Progressive Enterprises Limited, dominate the New Zealand retail sector. Foodstuffs 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 50% 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.)

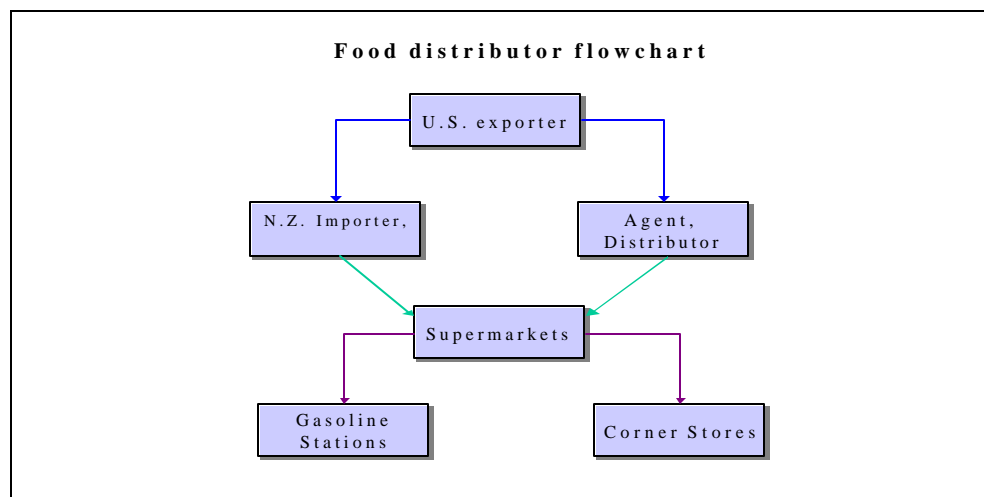
Foodstuffs (NZ) Limited is diversifying by opening petrol stations across many of its stores, a process facilitated in many cases by site ownership. Foodstuffs currently has 12 petrol outlets in total, eleven at PAK'nSAVE stores and one at New World. Foodstuffs is also entering the NZ \$1.1 billion liquor market by opening a dedicated liquor store in Wellington. (Supermarkets are allowed to sell wine and beer but not spirits.) This dedicated store will sell a full range of alcoholic drinks and related products such as cigars and liquor glasses. The company plans to open ten liquor stores by next year in the lower north island.

Progressive Enterprises Limited operates the Foodtown, Woolworths and Countdown supermarket groups. Progressive employees approximately 18,000 people nationwide within 150 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. Progressive is a subsidiary of the Australian company, Woolworths Limited, which 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 recently announced plans to streamline Progressive's systems and apply its supply chain and inventory management, which will likely drive down costs and prices. All import purchasing decisions are made at its headquarters in Auckland (See section VI for contact details).

Top Food Categories Sold through Supermarkets by Department (as of January 1, 2006)				
Rank	Department	Dollar Sales (NZ \$million)	Value Share	Growth
	Total Scanned Grocery	8,672		5.7%
1	Chilled Food	1,207	13.9%	5.6%
2	Shelf Stable	1,114	12.9%	3.4%
3	Bakery Cookies	914	10.5%	3.4%
4	Alcohol	896	10.3%	13.2%
5	Beverages	748	8.6%	7.0%
6	Packaged Snacks	569	6.6%	3.8%
7	Frozen Foods	473	5.4%	4.9%
8	Fresh Products	391	4.5%	9.7%
9	Pet Supplies	269	3.1%	5.0%

Source: FMCG, April 2006

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 manufacturers 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	Sales	Number of Outlets	Locations	Purchasing Agent Type
Foodstuffs (NZ) Ltd	New Zealand owned; made up of three independently owned co-operatives	6.75 billion	625 (including Pak n Save, Write Price, New World, and Four Square)	Throughout New Zealand	Importer/Distributors/Manufacturers
Progressive Enterprises	Owned by Woolworths Limited (Australia)	3.75 billion	193 (including Woolworth, Foodtown, Countdown, Supervalu, and FreshChoice)	Throughout New Zealand	Importers/Distributors/Manufacturers

Source: Foodstuffs/ Progressive Homepage

C. 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 \$990 million in 2005 through its Warehouse stores.

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. Warehouse plans to expand The Warehouse Extra to additional sites across New Zealand.

The two New Zealand Supermarket chains - Woolworths (Progressive Enterprises) and Foodstuffs - have spent US \$133 and US \$100 million, respectively, to purchase 10% stakes in the Warehouse.

D. Convenience Stores, Gas Marts and Kiosks

Market Structure

In 2005, approximately 1,422 gasoline convenience stores operated throughout New Zealand. They are the main players in the convenience store market accounting for an estimated 6% of New Zealand's food retailing industry. They 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 recently formed 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 of up to 2.8% 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, teamed up with British Petroleum to offer similar grocery fuel discount schemes.

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.	368	Nationwide Starmart-18 Privately owned-350	Wholesalers/Distributors/NZ Manufacturers
Shell (Select)	New Zealand	248	Nationwide	NZ Manufacturers/ Wholesalers/ Distributors
British Petroleum (BP Connect and BP 2 GO)	British	377	Nationwide BP Connect-82 BP 2 Go- 95 Others- 200	Wholesalers/Distributors/NZ Manufacturers
Mobil (On the Run and Mobil Mart)	New Zealand	400	Nationwide On the Run- Auckland (20) Mobil Marts -(380)	Wholesale/Distributors of Progressive Supermarkets
Gull (Woolworths Quickstop)	New Zealand	29	North Island	Wholesalers/Distributors of Woolworths

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

E. 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.

SECTION III. Competition

Australia supplies more than 50 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	Major Supply Sources	Strengths of Key Supply Countries	Advantages and Disadvantages of local suppliers
Fresh Grapes Imports: 11,347 Tons	1. U.S. 50% 2. Australia 25% 3. Chile 23%	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: 2,802 tons	U.S. 84%	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: 3,965 tons	1. U.S. 37% 2. Australia 37% 3. China 15%	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 availability during that period.
Citrus Fruit (mandarin, orange, grapefruit, lemons) Imports: 18,367 tons	1. U.S. 57% 2. Australia 41%	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: 29,731,504 tons	1. Australia 35% 2. Brazil 25% 3. China 13% (U.S. has an 8% 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: 68,757 tons	1. Australia 47% 2. China 13% (U.S. has a 2% 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: 1,589 tons	1. Iran 42% 2. Turkey 32% (U.S. has a 6% 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: 6,680 tons	1. U.S. 45% 2. Australia 28%	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)	1. Australia 70%	1. Multinational companies	Food ingredients for other

microwaveable popcorn, potato/corn chips) Imports: 41,488 tons	2. U.S. 3%	located in Australia enjoy economies of scale and are competitively priced. 2. U.S. snack foods are considered high quality and price competitive.	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: 14,768 tons	1. Australia 88% 2. UK 3% (U.S. has a 1% 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: 51,507 tons	1. Australia 49% 2. U.S. 35%	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

- 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, interest is growing.

- 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.

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

- 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.
- A study published in the May 2005 issue of Grocers Review reveals that 49% of New Zealand households will change stores to take advantage of a market promotion and approximately 53% can be led to buy promotional brands that they don't normally purchase. As a result, retailers maintain a constant barrage of in-store promotional activity, resulting in up to 75% of category volume sales being sold on promotion in New Zealand supermarkets. Other facts that emerged from the study include the following: 13% of New Zealand households are classified as "store loyalist" shoppers; 21% are classified as "bargain hunters"; 17% are classified as "promotional and special deal" shoppers; 21% are considered "multi-store shoppers"; 14% are classified as "price oblivious" shoppers; and, 14% are classified as "regular low price" shoppers.

Section V: Best High-value Product Prospects

Product Category	Total Imports 2005 (US\$ millions)	3 Year Average Annual Import Growth	Import Tariff Rate	Key Constraints over Market Development	Market Attractiveness for U.S.
Fresh Grapes	\$18,250	24%	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)	\$2,637	17%	Free	Consumer attitude towards imported fresh fruits.	U.S. can supply counter-seasonal fruit. Consumers want fruits to be available year round.
Pears	\$3,549	32%	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	\$13,982	16%	Free	Small market	New Zealand consumers appreciate quality of U.S. citrus.
Fruit Juice	\$31,500	15%	5-7%	U.S. products are expensive compared to other countries.	Value-added juices/concentrates with health and nutritional benefits have potential to grow.
Processed Fruits & Vegetables	\$144,752	7%	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)	\$1,899	13%	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)	\$27,403	11%	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)	\$150,795	5%	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	\$32,903	6%	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	\$61,800	2%	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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