

**Required Report:** Required - Public Distribution

**Date:** October 02,2019

**Report Number:** NZ2019-0006

## **Report Name:** Food Service - Hotel Restaurant Institutional

**Country:** New Zealand

**Post:** Wellington

**Report Category:** Food Service - Hotel Restaurant Institutional

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### **Report Highlights:**

New Zealand's tourism sector continues to grow and is fueling demand for food and agricultural products. The New Zealand economy grew by 2.6 percent in 2018, and this growth and discretionary spending is boosting the need for imported products. The United States supplied US\$ 343 million of consumer orientated products to New Zealand in 2018 and this number is set to grow annually. Expanding sectors such as tourism, food service and hospitality are driving demand for consumer orientated products, particularly food preparations which are used to process meat-based foodstuffs, baked goods, sauces, wine and confectionery. It is expected that growth in these sectors will continue into the 2020s.

## MARKET FACT SHEET: NEW ZEALAND

### Executive Summary

New Zealand provides many opportunities for U.S. companies. New Zealand's economic and investment environment is open and transparent, with strong trade and economic ties to the United States. New Zealand has strong biosecurity regulations, despite these trade opportunities continue to flourish. New Zealand's per capita GDP totaled NZ\$ 52,256 in 2018. New Zealand's economy grew by 2.6 percent and similar growth is expected to continue into the 2020s.

#### Quick Facts CY 2018

##### Total World Imports of Consumer Orientated Products

US\$ 2.7 billion

##### List of Top 10 Growth Products in New Zealand

- |                      |                   |
|----------------------|-------------------|
| 1) Food Preparations | 2) Pork           |
| 3) Baked goods       | 4) Pet food       |
| 5) Wine              | 6) Sauces         |
| 7) Chocolate crumb   | 8) Whey           |
| 9) Lactose           | 10) Confectionary |

##### Consumer Oriented Food Sales (US\$)

Exports	\$23 billion*
Imports	\$2.7 billion*

##### Profit and Percentage Growth by Industry

Industry	Profit	Growth
Hotels and Resorts	US\$ 259 mil	7.3 percent
Cafes/Restaurants	US\$ 288 mil	4.6 percent
Catering Services	US\$ 39 mil	4.9 percent

##### Top New Zealand Hotel Chains

Westin	Hyatt
Rydges	Millennium
Accor	Intercontinental
Hilton	

##### GDP/Population

Population (millions): 4.8  
 GDP (billions USD): \$210.00  
 GDP per capita (NZD): \$52,256 real GDP per capita seasonally adjusted.

Sources: IBIS World 2019 Reports, Trade Data Monitor. GDP as of December 2018.

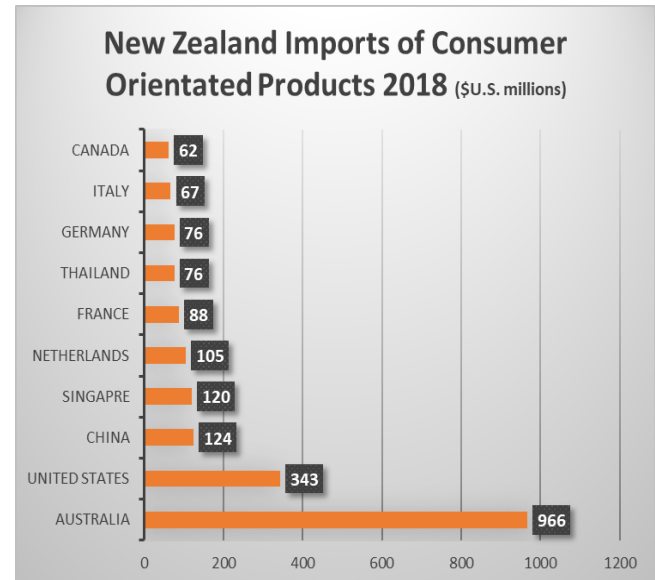
\*Total world exports and imports New Zealand.

### Food Processing Industry

Food, beverage, and grocery manufacturing accounts for almost one-third of the country's manufacturing sector. Food and beverage processing accounted for NZD \$23 billion and is a sector that is experiencing growth in a number of areas.

### Imports of Consumer Orientated Products

New Zealand imported US\$ 4.9 billion in agricultural and related products in 2018. US\$ 2.7 billion or 55 percent of the total represented imports of consumer-oriented products. The United States supplied US\$ 343 million of consumer-oriented products in 2018, and consumer-oriented products accounted for 64 percent of all agricultural imports from United States. New Zealand desires consumer goods from the United States.



Source: Trade Data Monitor

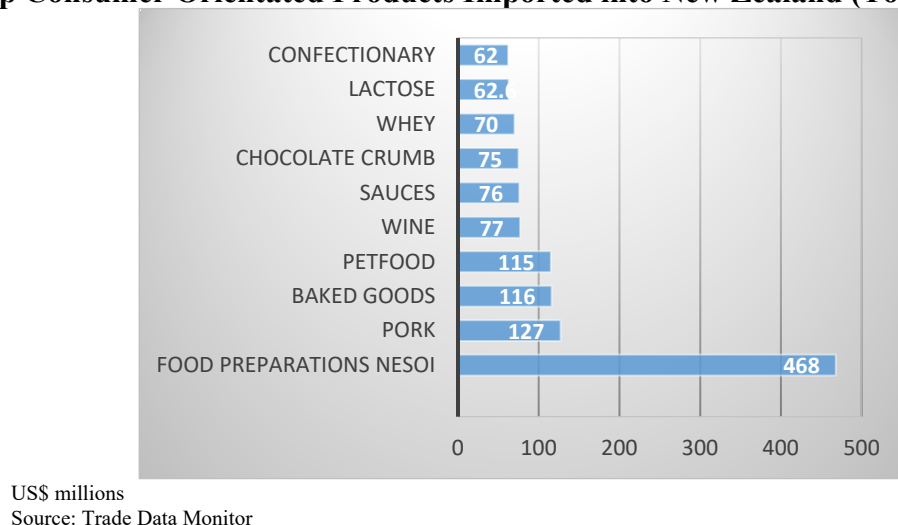
### SWOT Analysis

Strengths	Weaknesses
New Zealand importers cater well for the HRI sector as a whole.	Distance from United States results in high transportation costs.
The foodservice sector is familiar with the availability, quality and applications of U.S. F&B products.	New Zealand consumers are price-sensitive and some products struggle to meet the market willingness to pay.
Opportunities	Threats
Existing opportunities to market U.S. fresh products during New Zealand's off-season.	Growing competition from Australia, China and Singapore in the consumer-oriented food category.
The United States produces large volumes of products that New Zealand producers cannot supply domestically.	The recent appreciation of the U.S. dollar compared to the New Zealand dollar makes U.S. F&B products more expensive.

## Section I. Market Summary – New Zealand

New Zealand's tourism industry is valued at more than NZ\$ 10 billion and is the second largest revenue generator after the food and agricultural industries. This sector relies on the food service and hospitality industries to meet the rising consumer demand for food and beverage products as well as services. This growth presents numerous opportunities for U.S. exporters.

**Chart 1 – Top Consumer Orientated Products Imported into New Zealand (Total World) US\$ Millions**



New Zealand imported approximately US\$ 2.7 billion of consumer oriented food products in 2018. The United States was the second largest supplier of consumer-orientated food products to this market with exports valued at US\$ 342 million. Chart 1 illustrates the top consumer orientated products demanded in New Zealand. The food service and hospitality industries expanded by an estimated 4.6 percent, while the hotel sector grew 7.3 percent in 2018. These expanding sectors are driving demand for consumer orientated products, particularly for food preparations, which world imports totaled US\$ 468 million in 2018. These products are used to process meat-based foodstuffs, baked goods, sauces, wine, confectionary, and many others.

### IA. Overview of the New Zealand Hospitality Industry

The New Zealand government forecasts visitor arrivals to New Zealand to grow four to five percent annually through to 2024. Australians make up the largest group of international visitors with an estimated 1.5 million tourists visiting New Zealand year on year to July 2019. Visitor numbers to June 2019 saw visitors from the United States up 8.5 percent, visitors from Australia are also up 4.1 percent and visitors from China down 8.0 percent. The expanding tourist base is fueling demand for a multitude of food and beverage products, this is adding to the growth in food imports from the United States (up 15.85 percent YTD June 2019). Source: [tourismnewzealand.com/markets-stats](http://tourismnewzealand.com/markets-stats).

Visitor numbers from the top three sources include:

- Australia 1.5 million visitors in 2018/19 with seasonal peaks in June/July for winter skiing and again in November/December for summer holidays.
- China 420,000 visitors in 2018 with peaks February in line with Chinese New Year and November to visit New Zealand over the southern hemisphere summer.
- The United States represent the third largest visitors to New Zealand at 367,000. Tourism New

Zealand reports that the result of this is the new direct routes that have opened between the United States and New Zealand. You can now fly from Auckland to Los Angeles, San Francisco, Houston and Chicago direct. This allows U.S. citizens more connection options when deciding to travel to New Zealand. Peaks in travel are December (winter escape) and February/March in line with public holidays in the United States. Source: Tourism New Zealand; <https://www.tourismnewzealand.com/markets-stats/>

The majority of international visitors stay in hotels and motels, with Auckland, Wellington and Queenstown being the most popular destinations. Holiday parks and backpacking establishments round out the top four commercial accommodations in New Zealand.

The growing number of visitors and continued rise in local discretionary incomes are likely to enable New Zealand's foodservice industry to expand and fuel demand for fresh and processed food products such as food preparations, meat products, baked goods, sauces, wine, and confectionary. Due to the limited production of high quality food inputs and ingredients, New Zealand food manufacturers are increasingly turning to international suppliers to address these shortfalls.

#### **IB. Overview of the New Zealand Food Service (Cafes and Restaurants) Industry**

New Zealand's food service industry is made up of predominately small-to-mid-range cafes and takeaway restaurants. The other categories are premium restaurants, 1 to 2 Michellen star restaurants, and diner style cafes. There are opportunities in all segments of the food service sector and it's best to enter the New Zealand market via importers and distributors. In 2018 New Zealand's largest trading bank, ANZ, released a report on the hospitality industry citing one of the largest impacts to profitability (through price) is the government's announcement to have the national minimum wage rate set at NZ\$ 20 per hour by 2021. They forecast that the impact of a 27 percent wage increase would reduce the earnings before interest, tax, and debt to drop from 7.5 percent of revenue to .5 percent of revenue, this would impact the purchasing power of small and medium operators, though the large corporate institutionals will likely absorb it. Source: ANZ bank Restaurants, Cafes, Bars Market Update, April 2018.

**Table 1 – Advantages and Challenges for U.S. Exporters**

<b>Advantages</b>	<b>Challenges</b>
New Zealand has an established base of experienced importers that cater to the HRI sector.	The high cost of shipping makes imported products more expensive.
The foodservice sector is familiar with the availability, quality and applications of U.S. food and beverage products.	Strong competition from Europe, Australia and China for food and beverage products.
Consumers are open to various international cuisines.	Consumers are price-sensitive.
The United States produces large volumes of products that New Zealand producers cannot supply domestically.	The recent appreciation of the U.S. dollar compared to the New Zealand dollar makes U.S. food and beverage products more expensive.

## Section II. Road Map for Market Entry

### **ENTRY STRATEGY**

- Enter the market through a distributor, importer, agent or broker who then targets specific food categories or food importers and distribution companies. Major hotels and corporate caterers have their own distribution centers and national transportation networks, which are contracted via a third party. Specialized distributors or wholesalers may also be approached.
- Product promotion – menu promotions with hotels, restaurants or large corporates is a great way to expose the consumer to your products. Promotional formats may vary.
- To enhance marketing activities, exporters should consider combining promotional with major industry magazines. Advertising in newspapers, television, radio and public transportation are also effective promotional channels.
- Exhibiting at New Zealand food shows. Fine Food New Zealand, is a biannual event which brings together domestic companies and major international buyers and importers.

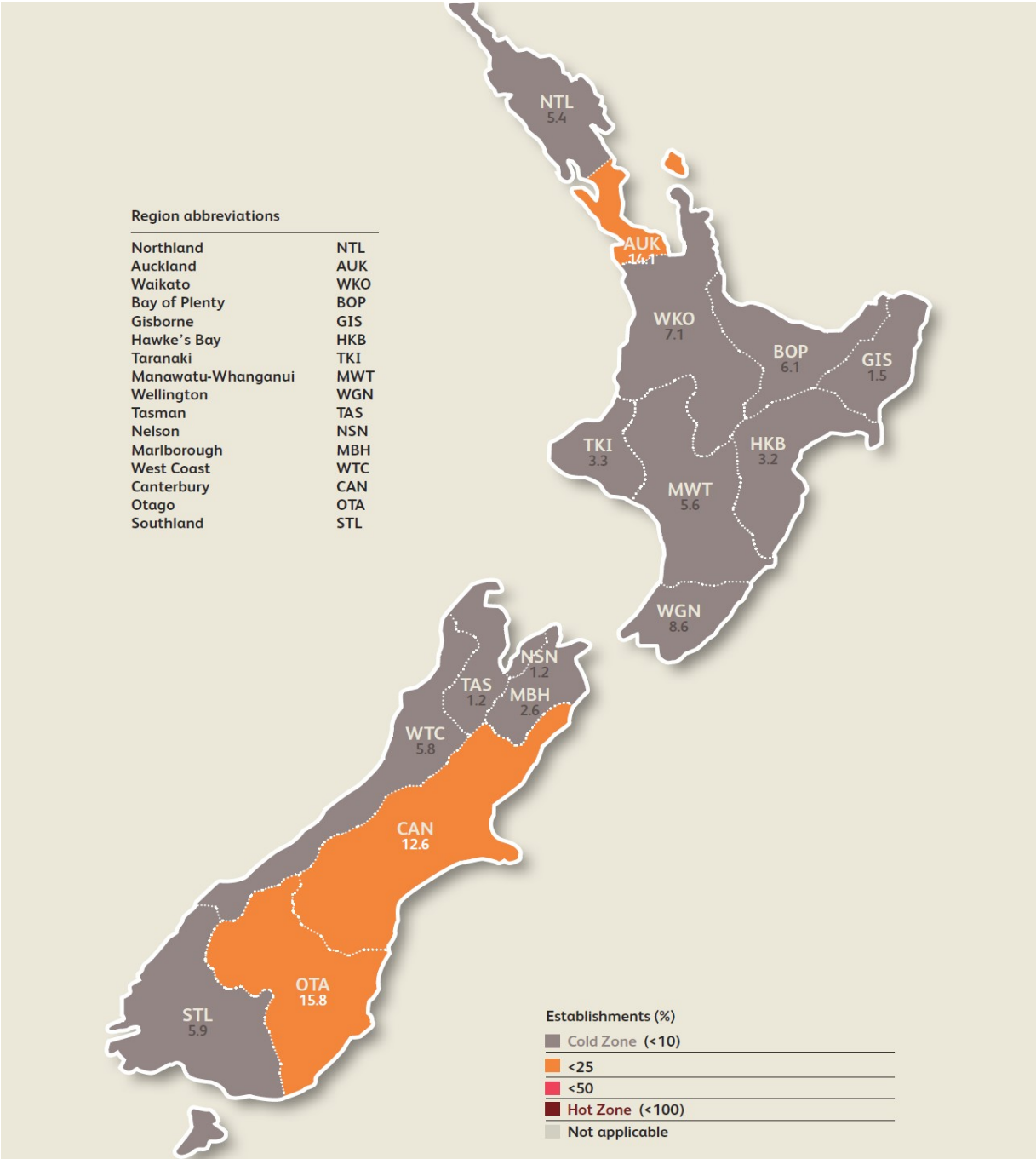
### **MARKET STRUCTURE**

- Tariffs on U.S. food products range from zero to 5 percent. Tariff rates can be viewed on the New Zealand Customs website: [New Zealand Working Tariff Document](#).
- The cost of international freight is a significant percentage of the final product cost. U.S. exporters can contact freight forwarders in the United States to determine transportation cost. New Zealand importers and distributors can arrange shipment with the help of customs brokers in New Zealand.
- For a complete guide on import duties and charges, please check this link: <https://www.customs.govt.nz/personal/import-allowances-and-charges/>
- High quality products with innovative packaging and unique features that are price competitive tend to do well in the New Zealand market.
- Fresh U.S. produce is a welcome addition to New Zealand during the winter season in the Southern Hemisphere.
- Innovative, environmentally-friendly packaging has an advantage in food products.
- New Zealand has very strict biosecurity rules to protect New Zealand agriculture and forestry industry. Unprocessed products cannot be imported into New Zealand unless an import health standard has been developed for that product. Import Health Standards specify the biosecurity requirements that must be met for trade to occur. Import Health Standard database can be seen at <https://www.mpi.govt.nz/law-and-policy/requirements/import-health-standards/>.
- All imported foods must comply with all aspects of Food Act and Food Standards Code at the point of entry into New Zealand. The Ministry of Agriculture performs random inspections on any imported food. High-risk foods can be targeted for inspection at a higher frequency.
- As of May 2018, Food Standards Australia New Zealand requires mandatory allergen labelling requirements for products containing lupin. [Allergy Information for Industry](#).

The diagrams below identify the regions with the highest concentrations of food outlets and hotels, which includes Auckland, Wellington, Tauranga, Hamilton, and Christchurch. The region of Otago in South Island is also a popular tourist destination, which includes popular tourist areas of Queenstown and Wanaka. Most of the food importers and distributors are headquartered in Auckland, Wellington, and Christchurch. Aligning with two or three distributors, located in these main cities, enable exporters to capitalize on companies that have nation-wide distribution networks.

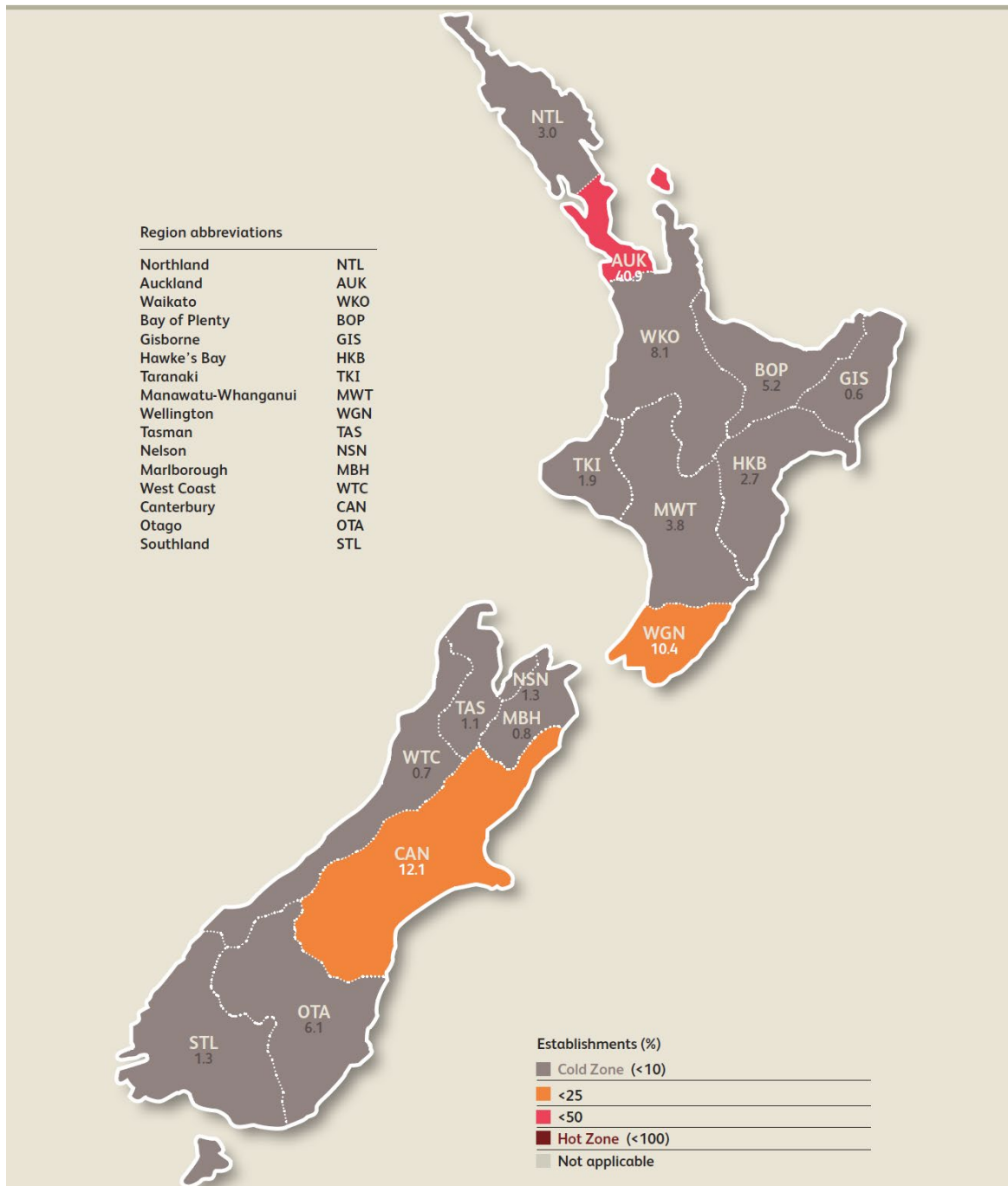
FAS/Wellington recommends conducting the appropriate due diligence when selecting importers and distributors.

Diagram 1: Key Accommodation Regions in New Zealand



Source: IBISWorld Industry Report, Cafes and Restaurants in New Zealand. Ibisworld.com

**Diagram 2: Key Café/Restaurant Regions in New Zealand**



Source: IBISWorld Industry Report, Cafes and Restaurants in New Zealand. Ibisworld.com



## **Sub Sector Profiles**

<b>Company</b>	<b>Links</b>
Accor Group	<a href="https://www.accorhotels.com/gb/country/hotels-new-zealand-pnz.shtml">https://www.accorhotels.com/gb/country/hotels-new-zealand-pnz.shtml</a>
Heritage Group	<a href="https://www.heritagehotels.co.nz/">https://www.heritagehotels.co.nz/</a>
Millennium Group	<a href="https://www.millenniumhotels.com/">https://www.millenniumhotels.com/</a>
Scenic Group	<a href="https://www.scenichotelgroup.co.nz/">https://www.scenichotelgroup.co.nz/</a>
Hilton Group	<a href="http://www3.hilton.com/en_US/hi/search/findhotels/index.htm">http://www3.hilton.com/en_US/hi/search/findhotels/index.htm</a>
Cordis	<a href="http://www.cordishotels.com/en/auckland">http://www.cordishotels.com/en/auckland</a>
Intercontinental	<a href="https://www.ihg.com/destinations/us/en/new-zealand-hotels">https://www.ihg.com/destinations/us/en/new-zealand-hotels</a>
Blackstone Group	<a href="https://blackstone.co.nz/hospitality-management/">https://blackstone.co.nz/hospitality-management/</a>
Barworks Group	<a href="https://www.barworks.co.nz/">https://www.barworks.co.nz/</a>
Wellington Hospitality	<a href="https://whg.co.nz/">https://whg.co.nz/</a>
Good Group Hospitality	<a href="http://www.goodgroup.co.nz/">http://www.goodgroup.co.nz/</a>
Kiwi Hospitality	<a href="http://www.kiwihospitality.com/">http://www.kiwihospitality.com/</a>
Lawrenson Group	<a href="http://www.lawrensongroup.co.nz/">http://www.lawrensongroup.co.nz/</a>
Invercargill Licensing Trust	<a href="https://www.ilt.co.nz/">https://www.ilt.co.nz/</a>
Restaurant Association of New Zealand	<a href="https://www.restaurantnz.co.nz/">https://www.restaurantnz.co.nz/</a>
Lonestar Group	<a href="https://www.lonestar.co.nz/">https://www.lonestar.co.nz/</a>
Compass Group	<a href="http://compass-group.co.nz/our-brands/medirect/">http://compass-group.co.nz/our-brands/medirect/</a>
Spotless Group	<a href="https://www.spotless.com/services/catering-hospitality/">https://www.spotless.com/services/catering-hospitality/</a>

## **Section III. Competition**

**Table 2. Value (US\$ millions) of New Zealand Imports for Food Ingredients and Consumer Related Products**

<b>Partner Country</b>	<b>2017</b>	<b>2018</b>	<b>Percentage Change</b>
Australia	925	967	+4
United States	331	343	+4
China	124	141	+13
Singapore	109	120	+10
Netherlands	104	105	+1
France	73	88	+22
Thailand	75	77	+2
Germany	68	77	+13
Italy	51	68	+32
Canada	60	63	+4

Source: Trade Data Monitor.

Generally speaking, products from the United States are viewed favorably in New Zealand, but



strong competition from Australia, Asia, and the EU exists. In addition, New Zealand firms are price sensitive and affected by currency volatility, which causes them to shop around for substitute products.

New Zealand's food processing sector comprises an estimated eight percent of the country's food sector and is valued at more than NZ\$ 20 billion. A large percentage of New Zealand's exports are produced using a variety of inputs not readily available in the country. This lack of capacity provides opportunities for U.S. exporters and New Zealand wholesalers and distributors.

**Table 3. Competition and Opportunities in Food Product Categories Used Often in HRI Sector**

<b>Product Category</b>	<b>Major Supply Sources</b>	<b>Opportunities and challenges for exporters</b>
<b>Food Preparations</b> Total Import Value: \$468 million (US\$)	1. Australia 34% 2. Singapore 26% 3. United States 15%	New Zealand has a comparative advantage in food production and manufacturing, however it's heavy reliance on exporting for its balance of payments, requires New Zealand to import a lot of food to meet domestic demand.
<b>Pork</b> Total Import Value: \$127 million (US\$)	1. Spain 30% 2. Canada 17% 3. United States 10%	While New Zealand has a well-established, local pork industry, New Zealand imports pork for further processing. The United States is the third major supplier of imported pork and the Asian community prefers it, as it has a more preferable flavor profile.
<b>Baked Goods</b> Total Import Value: \$116 million (US\$)	1. Australia 49% 2. China 10% 3. Thailand 9% United States (5 <sup>th</sup> largest market and 4% market share)	Baked goods are coming in from all over the world, the majority of which comes from Australia. The United States is the fifth largest supplier of these goods and as New Zealand consumers demand more products, this is a category which will continue to grow.
<b>Wine</b> Total Import Value : 77 million (US\$)	1. Australia 65% 2. France 14% 3. Italy 5%  United States (5 <sup>th</sup> largest market, 3% share)	The United States faces stiff competition from Australia in wine. New Zealand and Australia have a countervailing agreement where tax on both countries products, in both countries, is exempted. This tax advantage enabled both countries to price their products equally, and competitively in both markets. This makes it difficult for wines from other markets to gain an advantage.

<b>Sauces</b> Total Import Value: 76 million (US\$)	1. Australia 40% 2. United States 11% 3. Thailand 10%	Importing sauces is a growth market in New Zealand. Driven by the growth of various food trends, such as Asian street food and U.S. smoked BBQ the market for sauces has exploded and continues to grow.
<b>Chocolate Crumb</b> Total Import Value: 75 million (US\$)	1. Australia 55% 2. China 10% 3. Belgium 5% United States (6 <sup>th</sup> largest market, 4% market share)	Chocolate crumb for manufacturing continues to be a buoyant prospect in New Zealand. It is another food ingredient product that grows with New Zealand's strong food processing and further manufacturing capabilities.
<b>Confectionary</b> Total Import Value: 62 million (US\$)	1. Australia 37% 2. China 22% 3. Thailand 8%  (United States is the 6 <sup>th</sup> largest market with 3% market share)	New Zealand consumers are demanding more choice in the foods and products they consumer. Along with a changing demographic, due largely to immigration, new and different confectionary products are coming into the market.

Source: Trade Data Monitor

#### Section IV. Best Product Prospects

Processed or snack foods in New Zealand is also a growing market and it provides opportunities for U.S. exporters who sell prepacked food and ingredients for manufacturing. Table 4 illustrates the additional food ingredients and consumer ready products demanded by New Zealand customers. Some products are experiencing negative growth, however on value they are still strong product areas. The notable growth area is ice cream, 287 percent increase over five years and is in line with the huge growth premium ice-cream is undergoing. Chocolate crumb is also a growth area for New Zealand. This is the result of a growth in craft chocolate, made with real ingredients and combining unique local flavors. Craft chocolate producers import all of the chocolate crumb they need to produce their chocolate. Table grapes is a product that the New Zealand market is familiar with and with the growth of healthy – quick snacking in New Zealand, demand for table grapes is ever increasing and the bulk of New Zealand imports come from California. For more specific information for product opportunities please refer back to [table 3](#).

**Table 4. New Zealand Market Product Opportunities with Sales Potential**

Category	Total Value of World Imports (US\$ million)	Total Imports from the U.S. (US\$ million)	Growth Rate (Percent) Total World 14/18
Beer	59	1.5	13
Non Alcoholic Bev	50	0.539	-64
Pasta	45	0.073	-33
Cookies	43	0.410	-52
Cheese	42	0.330	25
Sparkling Wine	41	0.018	-71
Chocolate	41	1.2	34
Grapes	34	21	21
Ice cream	27	2.4	287
Peanuts	17	0.629	-30
Wine	16	2.0	5

Source: Trade Data Monitor.

## **Section V. Key Contacts and Further Information**

### **Agricultural Affairs Office**

American Embassy, 29 Fitzherbert Terrace, Thorndon, Wellington

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Email: [agwellington@usda.gov](mailto:agwellington@usda.gov)

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### **Foodstuffs (South Island) Co-operative Society Limited**

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### **Progressive Enterprises**

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## **Attachments:**

No Attachments