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

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**Report Highlights:**

The Hotel, Restaurant, and Institutional (HRI) sector is seeing signs of recovery in New Zealand (NZ). However, aches and pains still exist. Meanwhile, NZ continues to recover from a cost-of-living crisis, which sadly caused restaurants to close their doors. At the same time, large hotel chains have developed a couple of new luxury hotels in the main cities. NZ's open borders have increased tourism, giving a healthy boost to the HRI industry. NZ imports of U.S. consumer-oriented products have decreased slightly over the year. However, this decrease is due to "over-ordering" caused by freight and logistics challenges during the COVID years.

**Executive Summary:**

New Zealand is an upper middle-income country. In 2023, New Zealand’s GDP reached \$250 billion, positioning the country as the 46th-largest economy in the world. The country is the world's 15th-largest agricultural exporter by value and the second-largest dairy exporter.

**Consumer-Oriented Agricultural Imports**

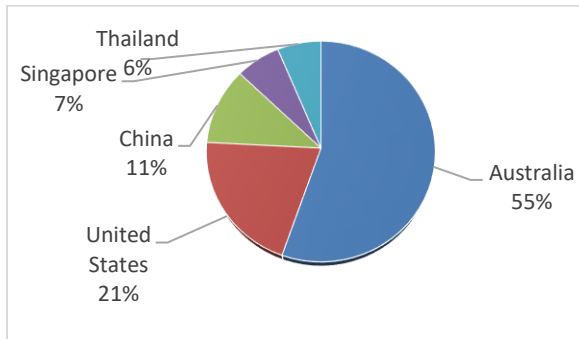


Chart 1: Top Exporting Countries to New Zealand

**Food Retail Industry:**

New Zealand’s food retail sales reached USD \$17 billion in 2023. Growth over the year was just over 7%, which was exceptionally high and felt by consumers. The two largest retailers, Foodstuffs and Woolworths, represent just under 83 percent of total retail revenues.

**Food Processing Industry:**

New Zealand’s fruit and vegetable industry comprises 136 registered businesses, which employ an average of around 30 employees each. Fruit and vegetable processors had a tough year with adverse weather and increasing prices. However, consumers seek fresher produce because healthy living is a priority. Food, beverage, and grocery manufacturing accounts for almost one-third of New Zealand’s manufacturing sector.

**Food Service Industry:**

New Zealand’s food service sales reached US\$9.82 billion in 2023. Household discretionary incomes have fallen over the past 3 years, limiting on dining out spending. Consumers are searching for high-quality, healthier meals, favoring new restaurants and cafés. However, increased online takeaway delivery options have benefitted lower-cost restaurants.

**Quick Facts CY 2023**

**Imports of Consumer-Oriented Products (US \$million)**

US\$ 5.9 billion – Agricultural Products  
 US\$ 3.4 billion – Consumer Food Products

**List of Top 10 Growth Products in Host Country**

- |                        |                  |
|------------------------|------------------|
| 1) Food preparations   | 2) Pet food      |
| 3) Pork                | 4) Whiskey       |
| 5) Grapes              | 6) Cheese        |
| 7) Sauces & seasonings | 8) Nuts          |
| 9) Oranges             | 10) Fresh waters |

**Food Industry by Channels (U.S. billion)**

Retail Food Industry	\$17
Food Service-HRI	\$13
Food and Agriculture Exports	\$91

**Top 10 Host Country Retailers (by sales)**

- |                             |                            |
|-----------------------------|----------------------------|
| 1) New World (Foodstuffs)   | 2) Pak n Save (Foodstuffs) |
| 3) Woolworths NZ            | 4) The Warehouse           |
| 5) Four Square (Foodstuffs) | 6) Super Value             |
| 7) Fresh Choice             |                            |

**GDP/Population**

Population (*millions*): 5.3  
 GDP (*billions USD*): 250  
 GDP per capita (*USD*): 47,170

**Sources:** Trade Data Monitor LLC, ibisworld.com, Statistics New Zealand

**Strengths/Weaknesses/Opportunities/Threats**

<b>Strengths</b>	<b>Weaknesses</b>
- Minimum barriers to trade including low tariffs ranging from 0-5%.	- Strict border regulations or fresh produce. - High transportation costs due to being in far proximity to the U.S.
<b>Opportunities</b>	<b>Threats</b>
- Strong consumer demand for value, high-quality - Produce from the U.S. is counter-seasonal to NZ. - Transportation costs are decreasing back to pre-COVID levels.	- High competition from neighboring countries e.g. Australia. - NZ may favor Trans-Pacific Partnership as a member nation.

## Section I: Market Summary

New Zealand has a sophisticated HRI industry, primarily fueled by international tourism, domestic tourism, and events. NZ's network of accommodation services spans the whole country, and the quality of service ranges from low-grade motels to five-star hotels and specialized resorts. NZ follows many international food trends, and its vast array of restaurants reflect those styles. However, both 2023 and 2024 have been challenging for the hospitality sector, affecting chains and individual operators. NZ household discretionary incomes have fallen, limiting spending on luxury items such as vacations and dining out, while putting further strain on HRI recovery.

According to Stats NZ, in October 2024, NZ's inflation was within the Reserve Bank's target band of 1-3 percent, sitting at 2.2 percent. Prices are still rising, but not as much as they have been. Food inflation has been considerably higher than overall inflation. Food inflation rates peaked at 12.5 percent in June 2023, the highest rate since before COVID. In September 2024, the latest figures showed rates lowered to 1.2 percent.

Staff shortages are another area of concern for the HRI sector. Many HRI businesses typically hire international workers. However, post-COVID, many workers returned to their home countries and have not returned. Businesses are forced to increase wages to try and entice local employees to work for them. This means that the inexperienced and highly paid local staff puts more pressure on an already strained industry.

Logistical issues continue to impact hospitality and tourism, constraining the flow of goods and causing higher landed costs. These issues include delayed shipments, unavailability of shipping containers, and damaged goods upon arrival. They are a considerable concern as they are also causing drastic price increases for imported products. In mid-2024, [the Government praised shipping companies](#) stating that rates had remained far below the peak during COVID. However, officials warned that shipping rates have nearly doubled since late-April 2024.

As NZ businesses reduce operating cost, they have increased their prices, adding pressure to already price-sensitive consumers. For example, menu prices rose by 6.4 percent industry-wide.

However, the situation is not all bad. After the dramatic fall in occupancy through and after the COVID years, hotel occupancy rates have increased drastically because of increased international tourism and planned events going ahead. The increase in occupancy rates has even encouraged the development of a couple of new luxury hotels in the main cities. Equally as promising, NZ's restaurant and bar sales grew 5.8 percent since the beginning of 2023.

## Market Trends:

### Healthy and Trendy

Trendy casual dining options have become increasingly popular, with consumers searching for fashionable and casual meal options. Discretionary incomes have shrunk over the past three years due to significant cost-of-living pressures. This trend has tightened the industry revenue growth. However, health-consciousness consumers have fueled demand for healthier premium food options.

### Reduced alcohol consumption

Rising health consciousness is prompting many consumers to reduce their alcohol intake and opt for premium, niche offerings in smaller quantities or abstain entirely. As a result, per capita alcohol consumption is declining, with more and more consumers searching for low-or-no-alcohol beverages. The NZ market could be heading towards premiumization as consumers are consuming less volume, but consumption of spirits and high-end wine has increased.

### Ethnic foods

Foods and flavors from all around the world are popular with consumers. NZ consumers are curious and well-traveled. They enjoy trying new things and eating cuisines that they would not normally make at home. Current popular cuisines are Sri Lankan, Japanese, Korean, pan-African, and fusion.

## Advantages and Challenges

ADVANTAGES	CHALLENGES
U.S. products are considered to be high quality and consistently available.	Imported U.S. products are generally more expensive because of the strong U.S. dollar together with high transportation costs due to the distance.
Growing popularity of convenience and fast foods – especially U.S. fast foods. This food sourced from the U.S and the existing procurement systems are favorable.	Eating “healthier” is very trendy and favorable in NZ. Fast food, which is often associated with American food, is often considered “junk” food with less health benefits.
The New Zealand hospitality market has many options that cater to different consumer preferences. There are opportunities in different food trend spaces, such as organic and BBQ.	There is growing competition from Australia, China, and Singapore in the consumer-oriented food category. These prices tend to be cheaper due to proximity.
International restaurants, cafés, fast food outlets and hotel chains are increasing in quantity and popularity.	Labor is scarce and it is difficult/expensive to hire and retain HRI workers.

## Section II: Roadmap for Market Entry

### Entry Strategy

FAS Wellington reminds U.S. exporters to enter the market through a distributor, importer, agent, or broker who understands the New Zealand market and targets specific hospitality categories or specific local investors looking to fill a specific gap in the local restaurant market.

To succeed in New Zealand, the U.S. exporter must ensure that all import regulations and labeling laws are met. Exporters can find these laws through trade specialists like distributors and wholesalers.

Promotion using social media does well in New Zealand. U.S. exporters should consider hosting a launch party and inviting local “influencers” to expose the market to the new hotel/restaurant. Exporters could also consider advertising in major industry magazines, niche/local newspaper inserts, television, or radio.

Exhibiting at [Fine Food New Zealand](#), a biannual event that brings together domestic companies, major international buyers, importers, and key industry players, could also increase a product’s awareness. The next event will take place in June 2025.

## Market Structure

### *Accommodation Services*

The accommodation services industry in NZ is valued at \$5.16 billion. After the dramatic fall in occupancy through and after the COVID years, hotel occupancy rates have increased drastically and even encouraged the development of a couple of new luxury hotels in the main cities. There are many competitors in the industry, which reduces the ability of most hotels to increase prices. The below table highlights the top 7 accommodation service providers in NZ:

Company	Websites
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>
Dynasty Hotel Group	Not available
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>

### *Restaurants/Pubs/bars/nightclubs*

NZ household discretionary incomes have fallen over the past three years due to inflation, so New Zealanders are limiting their spending on dining out. Lower incomes discourage consumers from spending large amounts at restaurants and cafes. However, consumers are becoming time-poor as the average weekly hours worked have remained high. This trend shrinks consumers’ time to cook meals and encourages them to go to restaurants and cafes more often. Dining-out consumers seek healthier options, which provides great opportunities for menu innovation or new café’s and restaurants to service the market. Below is a table of the relevant top 10 hospitality companies behind the \$7.8 billion dollar industry:

Company	Websites
Restaurant Brands	<a href="https://www.restaurantbrands.co.nz/">https://www.restaurantbrands.co.nz/</a>
BurgerFuel Group	<a href="https://burgerfuelgroup.com/">https://burgerfuelgroup.com/</a>
SkyCity	<a href="https://skycity.co.nz/">https://skycity.co.nz/</a>
Savor Group	<a href="https://savor.co.nz/">https://savor.co.nz/</a>
Good Spirits Hospitality	<a href="https://www.igshospitality.com/">https://www.igshospitality.com/</a>
Cooks Coffee Company	<a href="https://www.cookscoffeecompany.com/">https://www.cookscoffeecompany.com/</a>
Star Social Group	<a href="https://www.starsocial.nz/about-us">https://www.starsocial.nz/about-us</a>
Foley Hospitality	<a href="https://foleyhospitality.co.nz/">https://foleyhospitality.co.nz/</a>
The Lawrenson Group	<a href="https://www.lawrensongroup.co.nz/">https://www.lawrensongroup.co.nz/</a>
Namu Group	<a href="https://namugroup.co.nz/">https://namugroup.co.nz/</a>

### *Catering services*

In 2024, NZ catering companies faced price pressures, and the \$489.8 million industry revenue has fallen by 3.5 percent since 2023. Intensifying internal competition and competition from hospitality businesses forced NZ caterers to cut prices, with companies focusing on reducing costs through inventory control and decreasing full-time employee numbers. Caterers are diversifying their range by introducing more vegetable, vegan, and organic products to keep up with changing consumer tastes. This table shows the top catering companies that operate in NZ:

Company	Websites
Compass Group	<a href="https://compass-group.co.nz/">https://compass-group.co.nz/</a>
Spotless	<a href="https://www.downergroup.co.nz/spotless">https://www.downergroup.co.nz/spotless</a>
LSG Sky Chefs	<a href="https://www.lsg-group.com/">https://www.lsg-group.com/</a>

### **Section III: Competition**

Products from the United States are viewed favorably in New Zealand, but strong competition from Australia, Asia, and the EU exists. In addition, NZ companies are price-sensitive and affected by currency volatility, which causes them to shop around for substitute products.

**Table 1. Value of NZ Imports for Consumer-Related Products (\$US millions)**

Partner Country	2022	2023	Percentage change
Australia	994	1061	6.72
United States	413	392	-5.06
China	177	216	21.91
Singapore	154	125	-18.77
Germany	140	96	-31.66

Consumers favor buying “*New Zealand-made*” products. NZ consumers demand a wide variety of food, not all produced locally. These consumers typically travel overseas frequently and are familiar with a wide range of cuisines and tastes. This development reflects trends and product on supermarkets shelves.

Yet, as NZ is not a manufacturing country, demand for imported consumer-oriented products remains robust, and overall, it grew by 4.3%. From the top five partner countries in the table above, we can see larger-than-normal decreases in imports. This is because of the over-ordering from 2022 to 2023, there has been a larger-than-normal decrease in imported consumer-related products. That is, importers ordered more than necessary to try and combat the supply shortfalls and readjusted to normal ordering levels throughout 2023.

#### Section IV: Best Product Prospects

##### *Top Consumer-Oriented Products Imported from the World (value USD millions)*

<b>Product</b>	<b>2022</b>	<b>2023</b>	<b>Percentage Change</b>
Soup & other food preparations	425	418	-1.75
Cereals & pastas	339	378	11.29
Dairy products	369	355	-3.89
Processed vegetables	177	239	35.1
Chocolate & cocoa	202	224	10.65
Pork & pork products	165	177	7.14
Distilled spirits	147	172	17.31
Cat & dog food	181	171	-5.63
Fresh fruit	131	156	18.74
Wine & related products	160	152	-4.86

The table above shows the top consumer-oriented imports. Cereals, processed vegetables, chocolate/cocoa, distilled spirits, and fresh fruits had the largest increase in value over the year. The fruit and vegetable increase in imports can be explained by the tough weather conditions NZ growers had, which made growing conditions unfavorable. Chocolate and cocoa prices soared over the year, almost doubling in price. Distilled spirits, cereals, and pasta products show the most interesting increase, possibly due to increased consumer preference for these products.

##### *Top Consumer-Oriented Products Imported from the United States (value USD millions)*

<b>Product</b>	<b>2022</b>	<b>2023</b>	<b>Percentage Change</b>
Dairy products	70	67	-4.55
Food preparations	77	62	-19.56
Cat & dog food	37	23	-38.48
Pork & pork products	9	22	127.57
Whiskies	20	19	-5.59
Grapes	13	13	-0.28
Animal products	8	9	16.85
Cheese	6	8	34.13
Sauces & condiments	9	8	-11.08
Nuts	6	7	11.84

The above table shows the most popular imported products from the U.S. to NZ in 2023, from the highest value to lowest. Interestingly, the highest imported products from 2022 fell the most over 2023, while pork and pork products grew drastically as did cheese imports. Domestic prices of cheese and pork products are substantially high, so retailers and distributors imported more to keep up with demand. Fortunately for imported products, studies show that when NZ consumers were asked the top factors for choosing either global or local produce, New Zealanders place the most importance on price, previous good experience, promotions, and better product benefits such as flavor for deciding on a brand.

*Products Present in Market with Good Sales Potential*

Currently, New Zealand consumers are relatively health conscious and always seek foods that enrich their health and those that have proven health benefits. Similarly, allergy products such as Gluten-free, nut-free, lactose-free, grain-free, etc. are all proving very popular with consumers.

*Products Not Present in Market with Good Sales Potential*

Ethnic foods, health foods, allergy-foods, innovative fermented foods, “Instagram” foods.

*Products Not Present in Market due to Significant Barriers*

Farm-raised salmon, certain genetically modified products, and certain food additives. It is important that any imported products into New Zealand meet the Import Health Standards (IHS), which are governed through MPI.

**Section V: Key Contacts and Further Information**

<b>Name</b>	<b>Function</b>
<a href="#"><u>Ministry of Primary Industries (MPI)</u></a>	Governing body of exports and primary sector
<a href="#"><u>Import Health Standards (IHS)</u></a>	Outlines the biosecurity requirements
<a href="#"><u>NZ Customs Service</u></a>	Governing body for protecting NZ’s borders
<a href="#"><u>Food Standards Australia New Zealand (FSANZ)</u></a>	Governing code for food regulation
<a href="#"><u>NZ Working Tariff Document</u></a>	Document outlining NZ tariff structure
<a href="#"><u>NZ Restaurant Association</u></a>	Membership based association for NZ hospitality

<p><b>Physical Address:</b></p> <p>Agricultural Affairs Office          Embassy of the United States of America          29 Fitzherbert Terrace, Thorndon, Wellington 6011          New Zealand</p> <p><a href="http://www.fas.usda.gov"><u>http://www.fas.usda.gov</u></a></p>	<p>Phone: +64 (4) 462 6030          Email: <a href="mailto:AgWellington@state.gov"><u>AgWellington@state.gov</u></a></p>
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**Attachments:**

No Attachments