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New Zealand

Retail Foods

2019 Market Report

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Report Highlights:

New Zealand's agricultural imports from the United States rose by 15 percent in 2018, totaling U.S. \$535 million. The top U.S. consumer exports are food preparations, pet food, lactose, grapes, pork, whey, cheese, oranges, cookies, and pasta. Trending products include craft beer and BBQ sauces. Post expects demand to remain strong for consumer food products both manufactured in country and imported. Beverages such as whiskies and craft beer continue their upward trend. New Zealand's GDP is expected to grow 2.3 percent in 2019, resulting in continued demand for high quality U.S. products.

MARKET FACT SHEET: NEW ZEALAND

Executive Summary

New Zealand's per capita GDP totaled NZ \$52,256 in 2018. In 2018, New Zealand's economy grew by 2.6 percent. While this growth is modest compared to projections, the economy is underpinned by its open and transparent trade and investment environment and vibrant trade and economic links with emerging economies, particularly in Asia.

Quick Facts CY 2019

Imports of Agricultural and Related Products

U.S. \$4.9 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 (U.S. \$)

Exports	\$23 billion
Imports	\$2.7 billion

Top New Zealand Retailers

- | | |
|---------------|----------------|
| - New World | - Supervalu |
| - Pak n Sav | - Fresh Choice |
| - Countdown | - Farro |
| - Warehouse | |
| - Four Square | |

GDP/Population

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

Sources: Reserve Bank of New Zealand, Global Trade Atlas. **GDP as of December 2018.

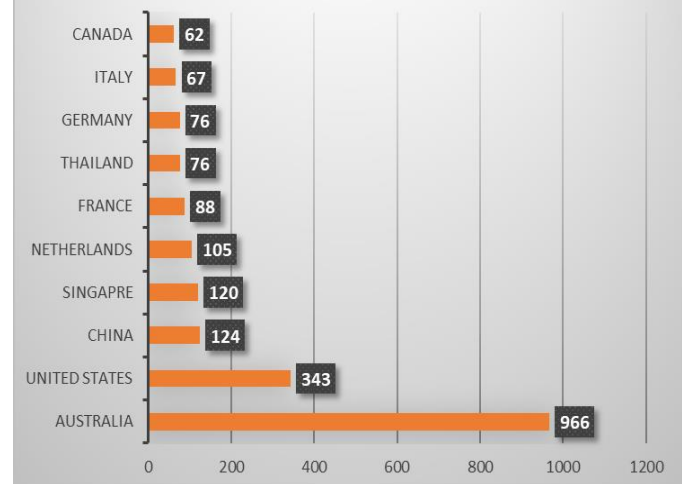
Food Processing Industry

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

Imports of Consumer Orientated Products

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

New Zealand Imports of Consumer Orientated Products 2018 (\$U.S. millions)



SWOT Analysis

Strengths	Weaknesses
U.S. products enjoy a quality reputation and strength of supply chain.	Distance from United States results in high transportation costs
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

Section I. Market Summary

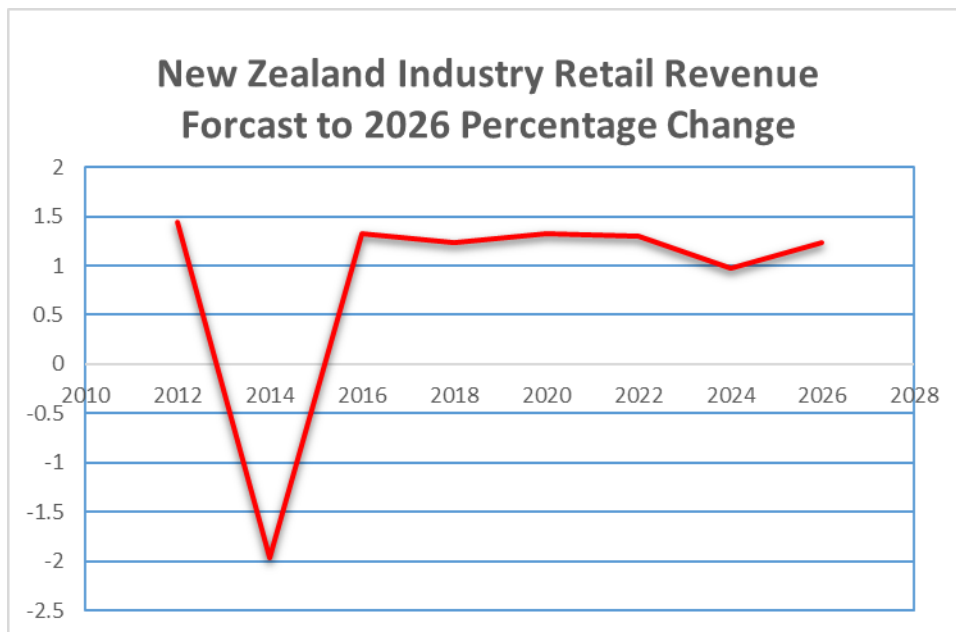
New Zealand's economy grew by 2.6 percent in 2018 and is expected to expand in 2019 by 2.3 percent. This growth is attributable to the country's wholesale trade and business services, the strengthening of the global economy, and increased exports to Asian countries such as China (15 percent year-on-year), Malaysia (27 percent), and Indonesia (10 percent).

Food and beverage exports play a major role in New Zealand's economy, which totaled NZ \$23 billion in 2018. The top export markets are China, the United States, and Australia. New Zealand is a prosperous country heavily reliant on trade. It is dependent on the primary sector with food and agricultural products accounting for approximately 55 percent of total exports. The figure increases to 65 percent when forestry and seafood are included. New Zealand consumers demand more choice and quality with consumer goods and this results in the U.S \$2.7 billion of imports of consumer orientated goods.

New Zealand imports of U.S. agricultural and food products rose by 15 percent in 2018, demonstrating demand for high quality products.

Retail revenue in New Zealand is forecast to remain stable at between 1-1.5 percent growth annually to 2026, and this provides certainty in the New Zealand retail market making New Zealand a less risky prospect than other more volatile markets.

Graph 1. New Zealand Industry Retail Revenue Forecast to 2026



Source: Ibisworld.com New Zealand Food Sector Retail Report

Table 1. Top Exporting Countries to New Zealand

Ranking	Countries Exporting to New Zealand			
	Country	Amount (U.S. \$ billion)	Share of Total New Zealand Imports (%)	Top Five Exported Products
1	Australia	1.4	29	Food preparations, wheat, animal feed (farm), baked goods, wine
2	United States	.535	11	Food preparations, dried distillers grains (DDG), pet food, lactose, whiskey, grapes
3	China	.290	5	Food preparations, confectionary, shrimp, baked goods, cocoa preparations
4	Malaysia	.240	5	Palm kernel, palm oil, rapeseed, rapeseed oil, coconut oil
5	Indonesia	.229	4	Palm kernel, wood, food preparations, pasta, bamboo

Source: Global Trade Atlas

Table 2. Top Countries Importing from New Zealand

Ranking	Countries Importing from New Zealand			
	Country	Amount (U.S. \$ billion)	Share of New Zealand exports (%)	Top 5 New Zealand Exported Consumer Oriented Products
1	China	5.5	23	Milk and cream, meat of sheep, meat of bovine (boneless), butter, kiwifruit
2	Australia	2.4	11	Food preparations for infants, food preparations, wine, butter, cheese
3	United States	2.4	10	Beef, wine, milk powder, sheep meat, casein
4	Japan	1.5	7	Kiwifruit, cheese, cheese (whey), food preparations, beef
5	United Kingdom	.745	2.5	Wine, meat of sheep (boneless), meat of sheep (bone in), wine, apples

Source: Global Trade Atlas

New Zealand's food imports follow a number of trends. Food preparations and lactose as food ingredients continue to be in strong demand as inputs for New Zealand's sophisticated food manufacturing sector. In addition, consumer ready products, such as baked good and confectionary also continue an upward trend. Products using natural or healthy ingredients are in particular in demand as New Zealand consumers are becoming more discerning.

Demographics

New Zealand has a rapidly aging society. By 2026, more than 22 percent of the population is expected to be over 65 and these changes have been accompanied by modifications in family structure, such as increasing female participation in the workforce, childless couples, and a decline in multigenerational families living together. Consumption patterns have also changed to reflect these trends with growth in the number of people frequenting restaurants, consuming prepared foods, and eating healthier food as a result of the increasing levels of disposable income.

Table 3. Economic Indicators-New Zealand 2015-2018

Economic Indicators				
	2015	2016	2017	2018
Population	4.65 million	4.68 million	4.78 million	4.90 million
Per Capita GDP (\$NZ)	45,814	48,290	50,479	52,256
GDP Growth (percent)	3.2	3.4	3.2	2.6
Unemployment Rate (percent)	5	5.3	4.4	3.9
Consumer Price Inflation (percent)	-0.5	0.4	2.1	1.9
Food Price Inflation (percent)	-0.8	-0.8	-0.8	0.6

Note: The New Zealand financial year begins in April. The GDP per capita figures are seasonally adjusted and calculated subject to currency fluctuations.

Source: Statistics New Zealand, Reserve Bank of New Zealand and Global Trade Atlas.

New Zealand is a prosperous country heavily reliant on trade. It is dependent on the primary sector with food and agricultural products accounting for approximately 55 percent of total exports. New Zealand exports an estimated 80 to 90 percent of New Zealand's primary production. According to the government sources, dairy remains New Zealand's largest exported product valued at \$13 billion.

Advantages and Challenges

Advantages	Challenges
The United States is a large exporter of lactose used in New Zealand milk powder. This key ingredient is crucial for the product to meet Global Dairy Trade Auction Standards.	New Zealand has found alternative and cost-effective European suppliers for lactose causing U.S. exports to decline.
New Zealand consumers view U.S. products as high-quality.	New Zealand has more stringent biosecurity requirements.
The United States is large producer of grains. With the drought in Australia, New Zealand companies are looking to the United States to fill the market gaps in grain supply.	New Zealand imports a large percentage of its grains from Australia.
New Zealand exports most of its dairy products, therefore creating import opportunities for certain U.S. dairy products.	The U.S. dollar exchange rate has strengthened vis-à-vis the New Zealand dollar.
The United States has favorable trading with New Zealand despite no firm trade agreement in place. U.S. exports grew by 15 percent in 2018.	Countries that signed the CPTTP may have price advantages over U.S. products.

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 merchandise managers at major wholesalers and major supermarket chains. Major chains and wholesalers have their own distribution centers and national coverage. Specialist distributors or wholesalers may also be approached.
- Product promotion - product launches for supermarkets are popular and effective. Provide agent/distributors with promotional material and product suitable for in-store demonstrations. Promotional formats may vary.
- To enhance marketing activities, exporters should consider combining promotional advertising such as in-store displays and store catalogues, major industry magazines (e.g. FMCG business), newspapers, television, radio and public transport.
- Exhibit at New Zealand food shows. Fine Food New Zealand is a bi-annual event which brings together major buyers and importers from all over the country and region.

MARKET STRUCTURE

- New Zealand is a well-developed market. Establishing good working relationships with importers/distributors is the key to entering the New Zealand marketplace. Approximately 90 percent of all imported food products are purchased and distributed within New Zealand

by importers/distributors.

- New Zealand supermarkets mainly purchase imported products from importers and distributors rather than importing directly. In the case of Foodstuffs (NZ) Limited, interested U.S. exporters should contact each of the regional offices directly as they can make buying decisions independently (See Section V for contact information).
- Tariffs assessed on U.S. food products range from zero to 5 percent. Tariff rates can be found on the New Zealand Customs website: [New Zealand Working Tariff Document](#).
- The cost of international freight is a significant percentage of the final cost of a product. 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 go to the following link: [New Zealand customs duties 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 retail shelves during winter in the Southern Hemisphere.
- Innovative, environmentally-friendly packaging has an advantage in retail 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 food imported. High-risk foods can be targeted for inspection at a higher frequency.
- As of May 26, 2018, Food Standards Australia New Zealand requires mandatory allergen labelling requirements for products containing lupin. [Allergy Information for Industry](#).

COMPANY PROFILES – SUPER STORES AND CONVENIENCE

[Costco is coming to New Zealand in 2021](#), this will re-shape the grocery landscape in the market.

Supermarket Group	Ownership	Market Share (approximate)	Store Names
Foodstuffs (NZ) Ltd	New Zealand owned; made up of three independently owned co-operatives	40 percent	<ul style="list-style-type: none">• <u>New World</u> - Full service supermarkets• <u>Pak'n'Save</u> - Retail food warehouses• <u>Gilmours</u> - Wholesale food warehouses• <u>Trent's</u> – Wholesale food warehouses• <u>Liquor Land</u> – Alcohol retailer• <u>Henry's</u> – Alcohol retailer• <u>Four Square</u>- Convenience grocery stores• <u>Raeward Fresh</u> – Green grocer• <u>On the Spot</u>- Convenience stores
Progressive Enterprises	Owned by Woolsworths Limited (Australia)	35 percent	<ul style="list-style-type: none">• <u>Countdown</u>- Full service supermarkets• <u>Supervalue</u> - Convenience grocery stores• <u>Fresh Choice</u> -Fresh and gourmet food stores
<u>Warehouse Group</u>	New Zealand Owned	12 percent	<ul style="list-style-type: none">• <u>The Warehouse</u>
Other independent and convenience stores	New Zealand Owned	10 percent	<ul style="list-style-type: none">• <u>Night N Day</u>
Farros	New Zealand Owned	3 percent	<ul style="list-style-type: none">• <u>Farro Fresh</u>

Section III. Competition

Products from 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. Imports from the United States to New Zealand grew by 15 percent to over half a billion U.S. dollars in 2018, re-enforcing the favorability of U.S. food

products in New Zealand. Of note, in 2018 New Zealand signed the Comprehensive and Progressive Transpacific Partnership agreement (CPTTP). This is a multilateral trade agreement that opens the New Zealand market to eleven other trading partners and is likely to impact U.S. exports in the coming years, as a result of competitive markets offering alternatives to U.S. products.

Table 4. Value (U.S.\$ billions) of New Zealand Imports for Food Ingredients and Consumer Related Products

Partner Country	2017	2018	Percentage Change
Australia	1.4	1.4	+.55
United States	.464	.535	+15.28
China	.252	.290	+5.88
Malaysia	.194	.240	+24.11
Indonesia	.224	.229	+1.99
Thailand	.159	.176	+10.42
Netherlands	.122	.138	+13.53
Argentina	.127	.134	+5.77
France	.125	.134	+7.49
Singapore	.116	.128	+9.16

Source: Global Trade Atlas.

Section IV. Best Product Prospect Categories

New Zealand's food processing sector comprises an estimated 8 percent of the country's food sector and is valued at more than NZ \$23 billion. A large percentage of New Zealand's exports are produced using a variety of inputs not readily available in the country. For example New Zealand imports almonds from California for use in manufacturing almond milk and as a food ingredient in chocolate.

This lack of capacity provides opportunities for exporters. Processed or snack foods in New Zealand is a growing market and a huge growth opportunity for U.S. exporters who export prepacked food and ingredients for manufacturing. For example, table 5, which measures imports over a six-year period (2013-2018), shows food preparations as a U.S. \$486 million total import market, with annual growth of 7 percent and absolute growth over this time was U.S. \$148 million. This reflects the strength of New Zealand's comparative advantage in food manufacturing as well as demand for U.S. products from New Zealand food manufacturers and retailers continues to remain strong. Table 6 re-enforces this and comes from a New

Zealand government source. Food ingredients provides a key area for U.S. exporters to gain significant opportunities in the New Zealand market. That said, time has to be put into forming trust and follow up with New Zealand businesses because they have a tendency to default to thinking things are ‘*too hard*’ if time is not put into the relationship building process early on.

Dairy, or specifically cheese, is a huge area of growth in the New Zealand market. Looking at table 5, cheese (cheddar and colby) has an annual growth rate of 21.5 percent and U.S. \$26 million in absolute change (2013-2018). There is ample opportunity for dairy exports to New Zealand, despite the global dominance of the privately-owned Fonterra Dairy Cooperative.

U.S. craft beer is a growing market in New Zealand, which present opportunities for exports as they are sought after by New Zealand consumers. U.S. craft beer exports are growing, table 5 shows an annual growth rate of 5.2 percent and U.S. \$11 million in absolute change (2013-2018). Beer, particularly craft beer, is growing in New Zealand and the market is shifting to demand new and exciting products, therefore many retailers are looking to imports to satisfy this demand.

For more information please see appendix below for tables 5 and 6, as well as graph 2.

Section V. Key Contacts and Further Information

Key information	Link
Import Health Standards	http://mpi.govt.nz/importing/overview/import-health-standards/
Food Act 2014	Food Act 2014
Food Safety	http://www.foodsafety.govt.nz/policy-law/food-act-2014/
Prohibited and restricted item import list	Prohibited and Restricted Import
Pirated or counterfeit items list	pirated or counterfeit items
Hazardous substances information	hazardous substances
List of customs brokers	click here
Contacting MPI	info@mpi.govt.nz
Processed food industry	click here

Food Ingredients Companies - New Zealand

Davis Food Ingredients: Started in 1967, Davis Food’s is one of New Zealand’s largest food ingredients suppliers and importers. Davis has nine large warehouses throughout the country. <http://davis.nz/new-suppliers>

Sherratt Ingredients: Started in 1986 the company focuses on long-term relationships with suppliers, their aim is to focus on partnerships with companies that adhere to ‘*Good Manufacturing Practice*’ and ‘*Hazard Analysis and Critical Control Point*’ principles. http://www.sherratt.co.nz/contact_sherratt_ingredients

Bidfood: Started in 2000 and the largest food and food ingredients company in New Zealand. Bidfood operates more than 300 temperature-controlled vehicles and 30 locations throughout

the country, which includes a specialist imports distribution center.

<http://www.bidfood.co.nz/contact-us/>

Hibiscus Solutions: Started in 2002, there product supply focuses on food and beverage, pharma and nutraceutical.

<https://hibiscus-solutions.com/contact-us>

Other Key Contacts

Agricultural Affairs Office

Foreign Agricultural Service

U.S. Department of Agriculture

Embassy of the United States of America

Email: agwellington@usda.gov

Tel: [+64 4 4626030](tel:+6444626030)

Foodstuffs (North Island) Co-operative Society Limited

PO Box 27-480

Mt Roskill

Auckland, New Zealand

Tel: +64-9-621-0600

[Contact](#)

Foodstuffs Own Brands Limited:

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Tel: +64-9-621-0508

[Contact](#)

Foodstuffs (South Island) Co-operative Society Limited

167 Main North Road, Papanui

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[Contact](#)

Progressive Enterprises

Private Bag 93306

Otahuhu, Auckland, New Zealand

Merchandise Manager – Steve Mills steve.mills@countdown.co.nz

Meat Category – Amy Brice amy.brice@countdown.co.nz

Consumer Goods – Greta Taylor greta.taylor@countdown.co.nz

Appendix:

Table 5. Key Product Prospects for U.S. Exporters in New Zealand (U.S. \$ millions)

New Zealand Import Statistics from the World for Consumer Orientated Products 2013-2018								
	2013	2014	2015	2016	2017	2018	Annual Growth	Absolute Change
Food Ingredients	318	359	369	390	410	468	7.0%	149
Pork	92	105	99	101	119	127	5.9%	35
Baked Goods	98	98	87	90	105	116	3.3%	18
Pet food	93	102	92	101	107	115	3.7%	21
Wine	73	73	63	64	71	77	0.6%	3
Sauces	61	66	59	63	69	76	3.6%	14
Cocoa Powder	76	79	69	62	72	75	-1.1%	-1
Whey	34	26	44	26	42	70	13.3%	35
Lactose	86	109	60	50	87	62	-6.7%	-23
Confectionary	67	61	55	56	61	62	-0.9%	-4
Beer	48	47	46	55	56	59	5.2%	11
Bananas	43	42	46	51	50	49	3.8%	6
Pasta	39	38	36	36	37	45	2.0%	6
Cookies	42	38	36	36	40	43	0.8%	1
Cheese - Cheddar and Colby	16	21	24	30	38	42	21.5%	26
Sparkling Wine	34	39	40	44	42	41	3.8%	7
Chocolate	38	39	40	51	51	41	4.1%	3
Chocolate Filled	23	23	18	25	25	36	8.7%	13
Coffee	38	32	32	29	33	35	-1.1%	-2
Grapes, Fresh	33	35	28	28	31	34	-0.3%	1
Malt Extract	65	18	17	21	28	34	-4.7%	-31
Prep Food, Swelling/ Roasting Cereal/Cereal	43	35	27	29	26	27	-8.2%	-15
Ice Cream	16	15	13	14	17	27	8.7%	11

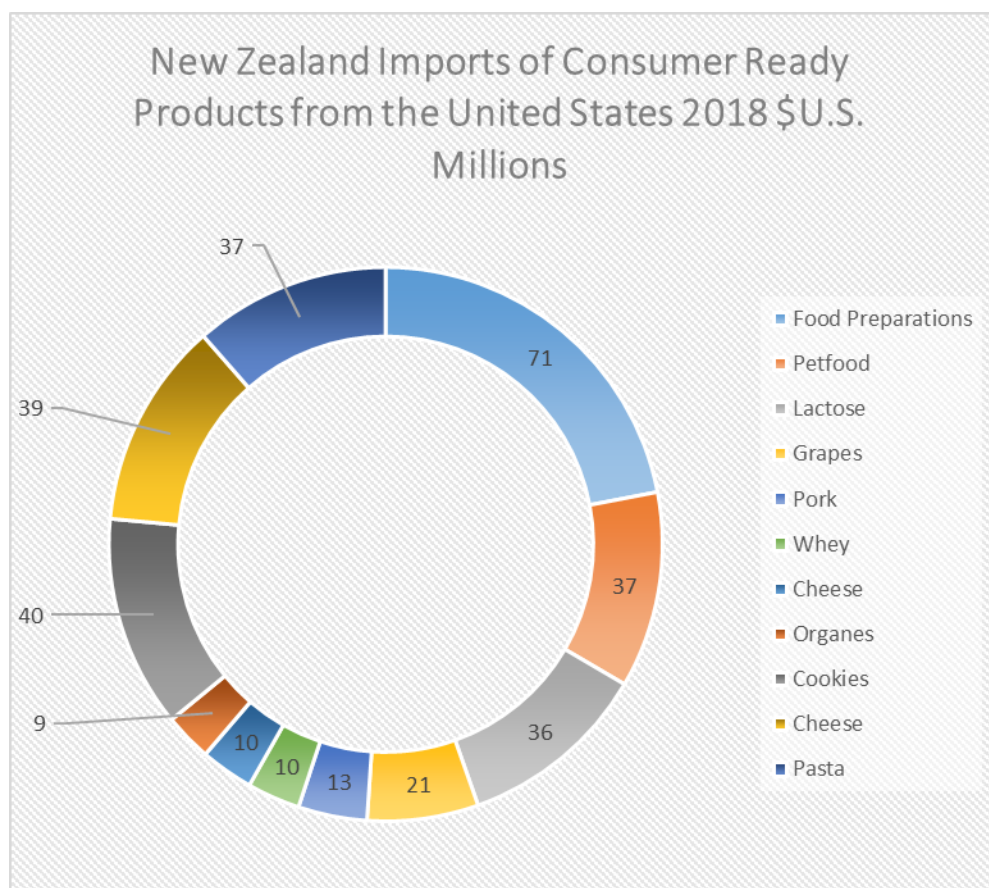
Source: Global Trade Atlas

Table 6. New Zealand Market Product Opportunities with Sales Potential

Category	Total Value of Imports (U.S. \$ million)	Total Import Value from the U.S. (U.S. \$ million)	U.S. 3 Year Growth Rate (Percent)
Chocolates	11.8	1.02	5
Preserved Fruit/Bars	0.885	0.234	3
Pet Food	10.7	0.78	4
Beverages non-alc	7.6	0.86	18
Chocolate Bars	3.9	0.293	8
Meat and Seafood Extracts	219	9	2
Fresh Cheese	9.4	0.148	11
Innovative Foods	32.1	2.3	6
Wine	17	1.9	54
Soy Sauce	6.8	0.316	23
Sauces and condiments	69	6.7	9.8
Food Preparations	486	66	0.37

Source: MBIE, Emerging Growth Opportunities in New Zealand Food and Beverage 2018.

Graph 2. New Zealand Imports of Consumer Ready Products from the United States 2018 \$U.S. Millions



Source: Global Trade Atlas