

**Voluntary Report** – Voluntary - Public Distribution

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**Report Name:** Strong Demand in New Zealand for US Pet Food

**Country:** New Zealand

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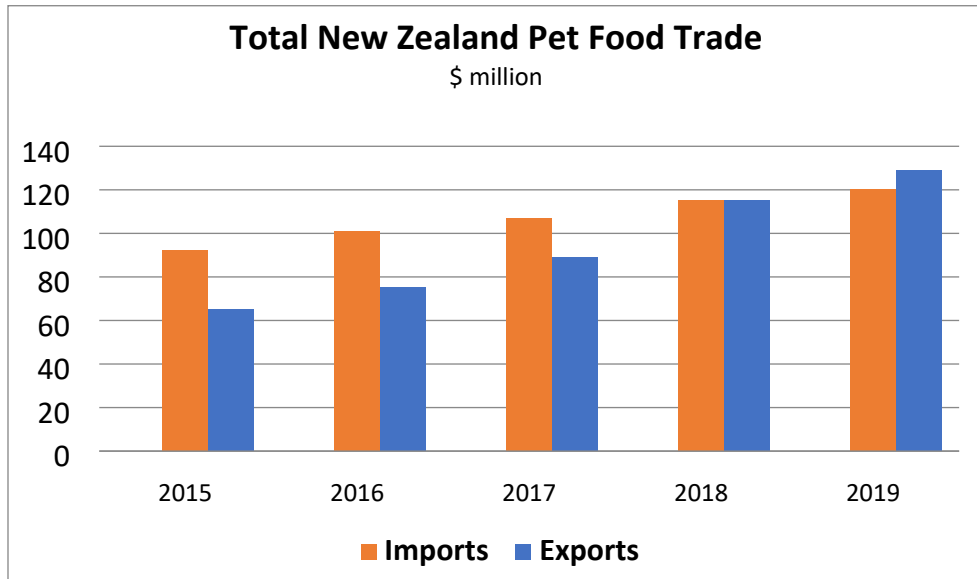
**Approved By:** Levin Flake

**Report Highlights:**

New Zealand is an attractive market for U.S. pet food exports. Although New Zealand exports a large amount of pet food, there is also strong import demand, with US\$120 million imported in 2019. The United States is the number one supplier of pet food products to New Zealand. The types of trends that are being seen in New Zealand follow that of other Western markets and include organic, natural, and gluten free pet foods, as well as innovative packaging including convenient pouches.

## Market Summary

New Zealand is an attractive market for U.S. pet food exports as a result of a large pet population and consumers with high spending power. In fact, despite New Zealand's small population of less than 5 million people, it is the seventh largest market for U.S. pet food with imports reaching a record level in 2019.



Source: Trade Data Monitor

New Zealand has had rapid growth in both exports and imports of pet food. Exports have seen especially strong growth, doubling between 2015-2019 and reaching US\$129 million. Pet food exports are supported by the production of a variety of more “exotic” meat products in New Zealand for pet food, including venison, possum, rabbit, and lamb. These products are integrated with values such as sustainability, natural prey and natural products.

Despite strong and growing domestic production of pet foods, import demand in New Zealand has also strengthened, growing from US\$92 million in 2015 and reaching US\$120 million last year. This is a result of consumers demanding a wide variety of choices of products for their pets. New Zealand has one of the highest rates of pet ownership in the world, with nearly half of all households owning a cat and around one-third owning a dog. The United States has been and remains the number one supplier of pet food to New Zealand. A major competitor, however, is Australia - whose advantage is predominately shipping distance.

New Zealand consumers are not as price sensitive as they once were when it comes to their pets. Current trends in the market have seen exporters shift their product range to a higher end, pouch packet offering. Also, products that are vegan or contain perceived natural products are desirable. More of these product

types have found their way into the New Zealand market, so companies that specialize in these products would do well in New Zealand.

**Top Suppliers of New Zealand Pet Food Imports (US\$ Millions)**

<b>Partner Country</b>	<b>2018</b>	<b>2019</b>	<b>Percentage Change</b>
United States	37	39	+5
Australia	35	36	+3
Canada	16	15	-6
France	9	11	+22
Thailand	9	10	+11
China	2	3	+50
Austria	.9	.8	-11
United Kingdom	.7	.7	0
Italy	1	.5	-50
Hungry	.1	.1	0

Source: Trade Data Monitor

**Advantages and Challenges for U.S. pet food**

<b>Advantages</b>	<b>Challenges</b>
Although New Zealand is an exporter of pet food, import demand remains strong.	New Zealand is a distant market and shipping can be expensive.
New Zealand consumers view U.S. products as high-quality.	New Zealand has stringent biosecurity requirements.
The United States is already the number one supplier of pet food to New Zealand	The United States faces stiff competition from Australia to supply New Zealand with pet food.
New Zealand consumers prefer purchasing premium pet foods.	New Zealand requires pet food to comply with the Agricultural Compounds and Veterinary Medicines Act (ACVM); this affects the health claims and labeling requirements.
The United States has a favorable trading relationship with New Zealand.	The strong U.S. dollar has added to the cost of U.S. products.

With continued growth in the total market size, opportunities remain for increased U.S. sales. Industry sources report that during the COVID – 19 lockdown in New Zealand, pet food suppliers sold three months-worth of product in two weeks, highlighting the importance of pets and their diet to New

Zealand consumers. The New Zealand pet food market follows international trends, with consumer preferences being influenced by what they see when they travel overseas. Below are some current trends in the market.

**Product Trends and Innovations in the New Zealand Pet Food Market**

<b>Trend</b>	<b>Examples</b>
Organic and Natural	No preservatives, added colors, or flavors Free from hormones, antibiotics Meat from free range cows, sheep, deer
Humanized Food	Reflecting products available for human consumption
Raw Food/Dehydrated	100% Natural ingredients Fast re-dehydration times and more convenient
Gluten Free/Allergen Free	Move away from allergens including grains
Convenient Packaging	Convenient and easy opening food, single serve pouches and cans or resealable containers
Weight Management	Use of lean meats such as venison, turkey

Source: Investment Opportunities in the Pet Food Industry, Ministry for Business Innovation and Employment

Packaging design is very important, and all pet food packages in New Zealand are designed to show the consumers that products are real, natural, safe and good for the environment. These are the areas U.S. exporters should design their products to target New Zealand consumers. Also, it is important to ensure all the labelling requirements are met under the ACVM Act and the commercial labelling requirements, which can be found [here](#).

**Market Entry Information**

**Entry Strategy**

- Enter the market through a distributor, importer or sales and marketing agent 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. There is one retail group that imports directly in New Zealand without the need for an agency.

- 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 as well as major industry magazines
- 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 market. Approximately 80 percent of all imported food products are purchased and distributed within New Zealand by importers/distributors.
- Over 65 percent of all pet food sold in New Zealand is through two major supermarket groups - Food Stuffs Ltd and Progressive Enterprises. The Warehouse Group, New Zealand's largest general retailer, is the third largest seller of pet food and imports products directly.
- New Zealand supermarkets mainly purchase imported products from importers and distributors rather than importing directly. Interested U.S. exporters should reach out to sales and marketing agencies, and a list can be found [here](#).
- Pet food, dietary supplements for pets, and animal by-products for use in pet food, need to meet specific requirements to be imported into New Zealand. Please find more information [here](#).
- 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](#).
- 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.
- 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 for Primary Industries performs random inspections on any food imported. High-risk foods can be targeted for inspection at a higher frequency. In the case of Pet Food it is governed by the [Agricultural Compounds and Veterinary Medicines Act 2012](#).

## **Company Profiles and Additional Information**

### **Company Profiles**

According to industry sources 65 percent of all pet food sold in New Zealand is sold through supermarkets. Those groups, as well as some larger independents, and links to their websites are listed in the table below.

Supermarket Group	About Pet food Range	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"> <li>• <a href="#">New World</a> - Full service supermarkets</li> <li>• <a href="#">Pak'n'Save</a> - Retail food warehouses</li> <li>• grocer</li> <li>• <a href="#">On the Spot</a>- Convenience stores</li> </ul>
Progressive Enterprises	Owned by Woolsworths Limited (Australia)	35 percent	<ul style="list-style-type: none"> <li>• <a href="#">Countdown</a>- Full service supermarkets</li> <li>• <a href="#">Supervalu</a> - Convenience grocery stores</li> <li>• <a href="#">Fresh Choice</a> -Fresh and gourmet food stores</li> </ul>
Warehouse Group	New Zealand Owned	12 percent	<ul style="list-style-type: none"> <li>• <a href="#">The Warehouse</a></li> </ul>
Animates Pet Stores	New Zealand Owned	10 percent	<ul style="list-style-type: none"> <li>• <a href="#">Animates</a></li> </ul>
Other smaller pet retailers	New Zealand Owned	3 percent	

### 3.2 Key Contacts and Further Information

#### Pet Food Manufacturers Association of New Zealand

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#### Agricultural Affairs Office

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#### Attachments:

No Attachments.