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Report Highlights:

U.S. food and agricultural products have continued to prove popular in the New Zealand market. In 2023, the value of these products was a record US\$ 9.3 million, US\$ 3.4 million of which were consumer-oriented products. The New Zealand grocery and food retail sector continues to expand. New Zealand imports from the United States include packaged food, pet food, grapes, pork, cheese, animal feed, beer, and wine. FAS/Wellington expects demand to remain strong for consumer food products manufactured in-country and imported.

Executive Summary:

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

Consumer-Oriented Agricultural Imports

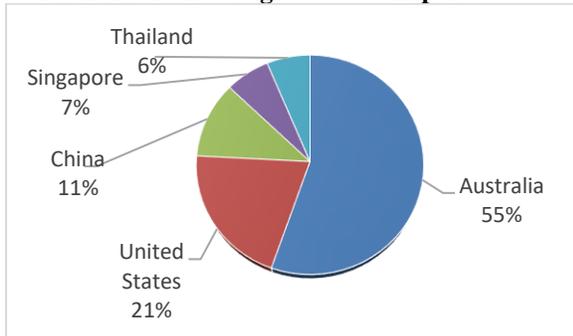


Chart 1: Top Exporting Countries to New Zealand

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 is comprised of 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 as health is at the top of their mind. 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 and limit consumers spending on dining out. 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 New Zealand

- | | |
|------------------------|------------------|
| 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 and Agriculture Exports	\$91

Top 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

Strengths	Weaknesses
-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.
Opportunities	Threats
- 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 1: Market Summary

The New Zealand grocery industry is highly concentrated and includes two leading grocery retailers, general goods retailers, several independently owned stores, green grocers, and small convenience stores. Foodstuffs and Woolworths are the main retailers, with a market share of just under 83% of all supermarket retail revenues. Foodstuffs is the umbrella company for New World North Island, New World South Island, Pak n' Save, and Four Square. In 2023, Countdown rebranded all stores to Woolworths to align closely with how the stores are branded in Australia. Other food retail options include SuperValue, which is low-cost and much smaller, and FreshChoice, which again is smaller and tends to stock locally-made products. A third major grocery retailer is the Warehouse Group, a general retailer similar to Walmart, and also includes a large grocery component. Costco opened its first store open in Auckland in September 2022, has increased competition slightly but only in the Auckland region and plans to expand to the other large cities such as Wellington and Christchurch.

Market leader Foodstuffs New Zealand represents 45% of the total grocery market, highlighting its strong market presence even by global standards. The company's structure, however, is unique in that it is a cooperative and consists of many individual owners in the form of franchisees, with individual supermarket having its own owner/operator. In addition, the food retailer has a centrally controlled system where the stores can source their products, but individual stores can also source some products directly from suppliers. In-store marketing is done through a centralized agency but operates separately again over the North and South Islands.

The second largest grocery retailer with a 32% market share is Woolworths which is Australian owned. Woolworths rebranded in 2023 from its previous name, Countdown. The rebrand meant that Woolworths' private label could now cut significant costs by keeping its packaging the same across Australia and New Zealand. Woolworth's presence in the market simultaneously opened the door for many grocery products that were previously unavailable in New Zealand but were sold in Australia. For example, Halo Top ice-cream, to enter the New Zealand market. In-store marketing is done through a separate agency which covers digital, print, and promotions.

The Warehouse Group is the third largest retailer in New Zealand, with a market share of 12%. It is similar model to Walmart in that it sells general merchandise with about one-quarter of the store footprint dedicated to grocery items.

Costco opened its first New Zealand store in the city of Auckland, and industry sources indicate that it had the largest opening day of any store in Oceania. Memberships are growing at a rapid pace for the New Zealand store, which has caused a small disruption in the market but only in the Auckland region.

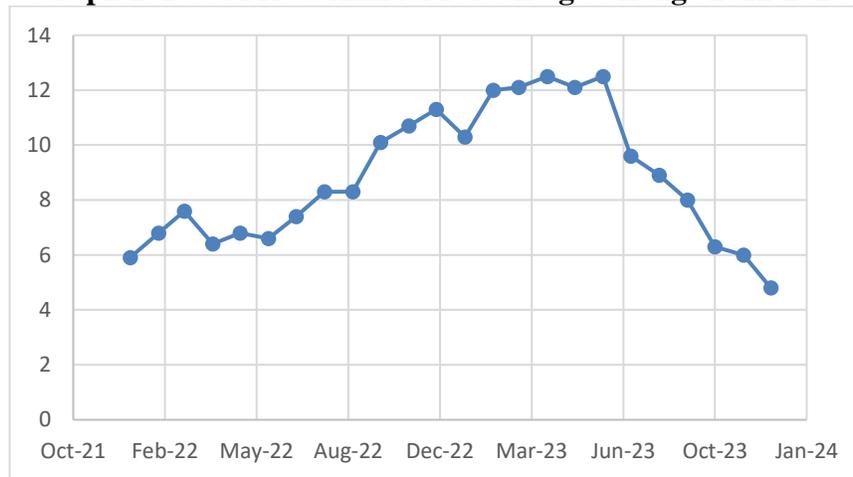
Graph 1. Industry Market Share by Company 2023



Source: ibisworld.com

In addition to having a highly concentrated retailer market, throughout 2023, New Zealanders faced a cost-of-living crisis caused by high levels of inflation. Inflation peaked in 2022 at 7.17% and eased slightly in 2023 at 5.73%. Still considered high, New Zealand consumers struggled to afford living necessities due to factors such as the increase in interest rates, the rising price of petrol, and the rapid price increases in food. Food prices increased aggressively over 2022 and halfway through 2023, then fell during the second half of 2023 back to pre-2022 levels.

Graph 2. Food Prices Annual Percentage Change 2022-2023



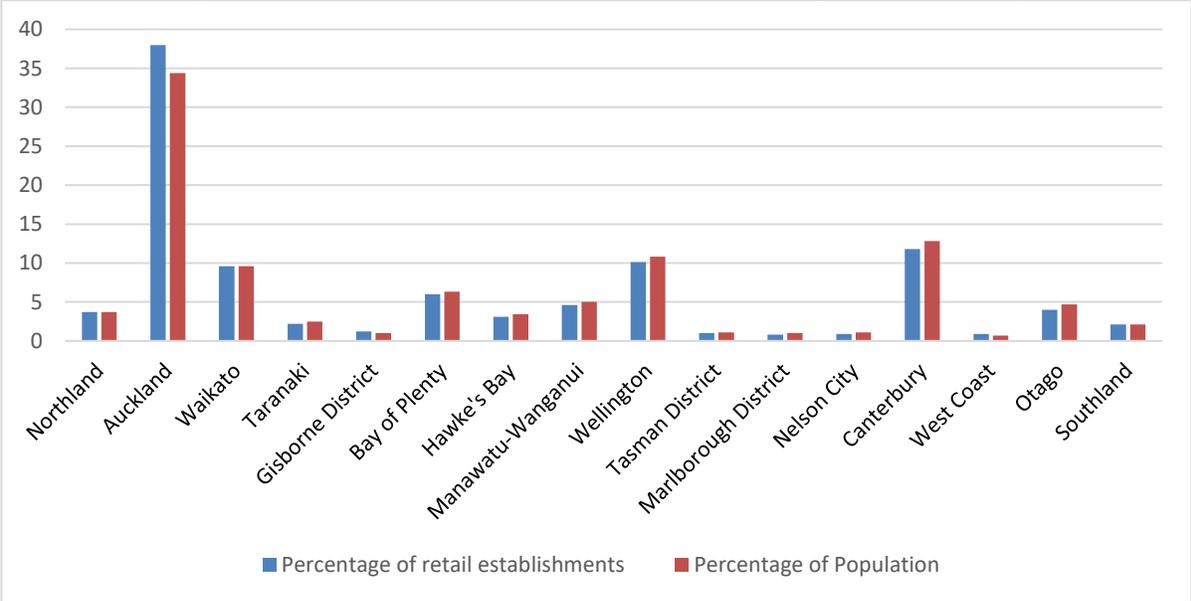
Source: Statistics New Zealand

Regarding total retail establishments in New Zealand, Auckland outshines the rest of the country, and this is directly correlated to population. The region, made up mainly of an urban city, accounts for approximately 38% of the total retail establishments, serving 35% of the population.

Auckland residents have relatively higher discretionary incomes than other major cities i.e.

Wellington and Christchurch. Auckland is also undergoing significant commercial redevelopments, and new and improved retail complexes are rising. Auckland, Wellington, and Canterbury are the three largest centers so new food products are best focused in these areas. They also have the most comprehensive variety of taste preferences and are the markets where exporters can gain volumes quickly. According to the Statistics New Zealand Retail Trade Survey, the North Island accounts for about three-quarters of total retail sales, with the South Island accounting for the other quarter.

Graph 3. Percent of Retail Establishments and Population by Region



Source: ibisworld.com

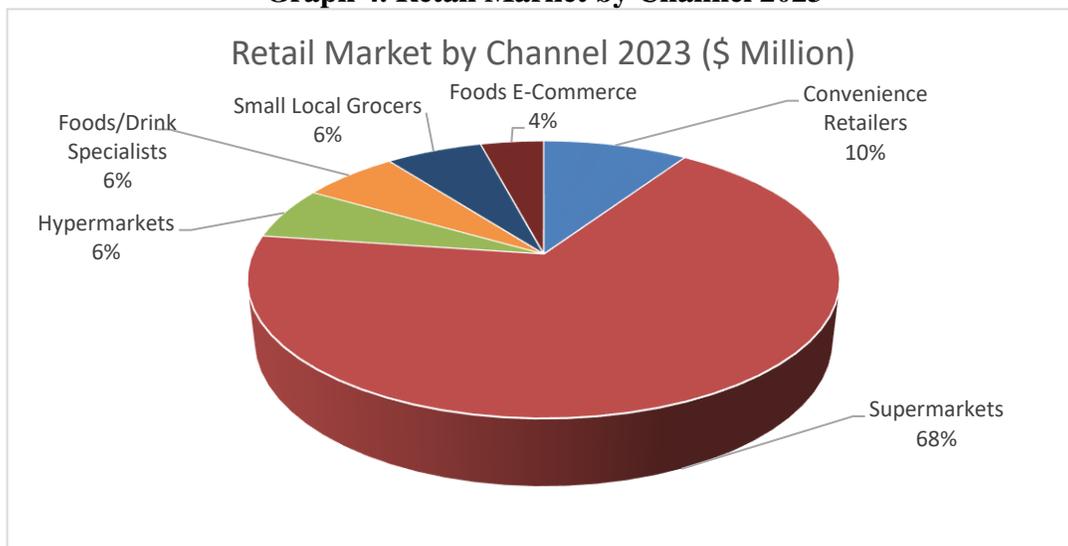
2023 was the year consumers struggled to pay for groceries, yet the supermarkets reported almost record high profits. For example, Foodstuffs reported a profit of USD\$27.8 million. The record profits earned in such a concentrated market combined with a cost-of-living crisis sparked the inception of a new initiative by New Zealand’s governing body of fair play in the market, the Commerce Commission (TCC). The TCC established an Annual Grocery Report to monitor competition, improve transparency, improve consumers ability to compare pricing and carry out inquiries and studies of the food retail market. The Commission will publish the report annually in September, increasing fair-play and minimizing unfair profits that the large retailers are earning.

Outcomes from the reporting are expected to drastically influence the grocery sector in New Zealand. This will include implementing tactics to reduce barriers to entry, preventing the current retailers from purchasing land as restrictive covenants and partaking in land banking tactics.

Table 1. Advantages and Challenges of New Zealand for Trade

ADVANTAGES	CHALLENGES
Minimum barriers to trade, including low tariffs ranging from 0-5 percent.	Since Covid-19, many consumers have a “shop local” mindset when making purchase decisions.
Produce from the U.S. is counter-seasonal to NZ which will allow produce to be available year-round.	High local exchange rate means U.S. products could be priced higher than local products.
NZ is a close follower of NZ food trends and considers the U.S. products to be high-quality.	NZ is a small market whereby U.S. companies might not be willing to sell small quantities.
No language barriers.	Phytosanitary/sanitary regulations regarding fresh produce and meat are strict.
	NZ retail market only has two key players which could make entry to market difficult.

Graph 4. Retail Market by Channel 2023



Source: Euromonitor

Section 2: Road Map for Market Entry

Market entry

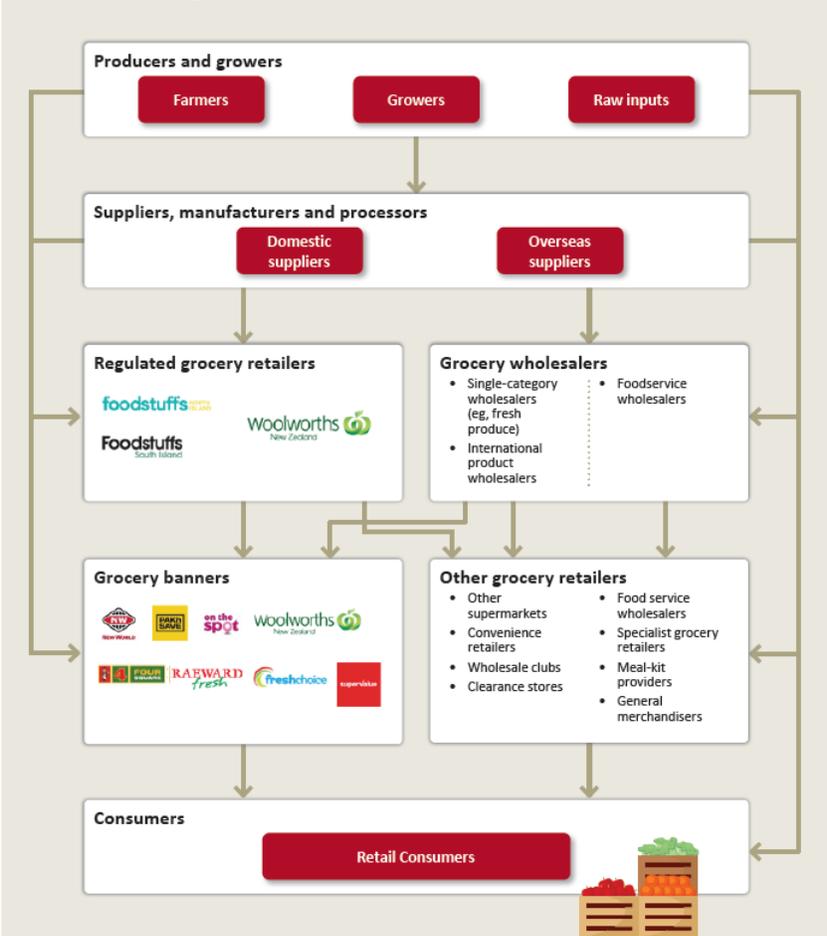
Exporters should look to enter the New Zealand market through a distributor, importer, agent, or broker, or look for opportunities to localize their global products leveraging their global brand

but customizing their products to local preferences. New Zealand distributors have strong professional relationships with different retailers and with the supermarkets. Most of the time, especially with large supermarket chains, they only have specific suppliers and a catalog to choose what they stock in stores from. By entering the market using a distributor with the system know-how and relationships, they will be more effective at marketing specific product categories or merchandise managers at major wholesalers and major supermarket chains.

Distributors need marketing support from product owners to make a strong impact in the market. For example, it is advised to assist the distributor with promotional material and suitable content for digital campaigns is advised. Prior to making any arrangement with a distributor, discussing promotions and marketing expectations is advised to ensure mutually beneficial outcomes. Due to the concentrated supermarket space, specialist knowledge from distributors on the rules and regulations around in-store promotions, including in the digital space, needs to be utilized.

It is also possible for exporters to exhibit their products 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. The next scheduled event is in 2025.

Graph 5. New Zealand Market Structure



Source: The Commerce Commission Annual Grocery Report

Sector Trends

Online shopping is becoming more favorable for New Zealand consumers. The two major supermarket retail chains have heavily focused their efforts on improving their online shopping channels. Both Foodstuffs and Woolworths have expanded their online presence rapidly over the past 3 years. Woolworths has opened several distribution-only stores to fulfill all the online purchases. Industry sources note that New Zealand is likely to see a warehousing boom as the need for storage and distribution capacity increases because of the growth of online purchases.

On average, the typical New Zealand household (2 adults, 2 children) spends just over 20% of their income on food. To merely cover the food basics, over the course of 2023, New Zealand consumers were more selective at the supermarkets and spending only on the necessities to get by. This resulted in a more considered approach to spending on food products that have a significant point of difference or a major health benefit, such as products of both actual and perceived nutritional benefits, which tend to do well. Supermarket home brands have exploded in popularity as consumers spend less on premium brands. Both [Woolworths](#) and [Foodstuffs](#) operate large private-label businesses in New Zealand. They include the Natural Beverage Company, Pam's, and Woolworths. These brands range across most food categories, and retailers report that supermarket home brands can have an 8-10 percent positive increase in product margins.

Company Profiles

Table 2. Company Profiles in the New Zealand Retail Space

Supermarket Group	Ownership	Market Share (approximate)	Store Names
Foodstuffs (NZ) Ltd	New Zealand owned; made up of three independently owned co-operatives	45 percent	New World - Full-service supermarkets
			Pak N Save - Retail food warehouses
			Gilmour's - Wholesale food warehouses
			Trent's – Wholesale food warehouses
			Liquor Land – Alcohol retailer
			Henry's – Alcohol retailer
			Four Square- Convenience grocery stores
Progressive Enterprises	Owned by Woolworths Limited (Australia)	31 percent	Woolworths- Full-service supermarkets
			SUPERVALU - Convenience grocery stores
			Fresh Choice -Fresh and gourmet food stores
Warehouse Group	New Zealand Owned	12 percent	The Warehouse
Other independent and convenience stores	New Zealand Owned	9 percent	E.g. Night N Day

Farro Fresh New Zealand	New Zealand Owned	3 percent	Farro Fresh
Moore Wilson's	New Zealand Owned	>1 percent	Moore Wilsons

Section 3: Competition

While products from the United States have a high-profile in New Zealand, the proximity of Australia and Asia to the New Zealand shores proves favorable. The table below shows the percentage change in consumer-oriented products from 2022 to 2023. While most of New Zealand's neighboring countries imports rose (except Singapore), the United States and Germany's imports fell. Over 2023, shipping prices to New Zealand rose which could be the cause of the reduced value of imports from countries relatively further away.

Table 3. Value of New Zealand Imports of Consumer Oriented Products 22/23 (US \$ Millions)

Partner Country	2022	2023	Percentage Change
Australia	944	1061	12
United States	413	392	-5.08
China	177	216	21.91
Singapore	154	125	-18.77
Germany	140	96	-31.66
Netherlands	104	116	11.47
France	102	117	15.26
Thailand	114	121	6.52
Italy	101	106	4.41
Indonesia	77	107	37.74

Section 4: Best Product Prospects

As mentioned throughout the report, New Zealand faced a cost-of-living crisis where consumers want to spend less on the basic food items. New Zealand consumers value on low-cost options, healthy foods, sustainability, and health benefits. More recently, consumers are switching to supermarket home brands. In saying this, the latest food trend is fermented foods, ranging from cabbages to beverages. More and more consumers interested in this niche food segment, highlighting innovation with claims to improving "gut-health" the better.

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

Product	2022	2023	Percentage Change
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 imports by value. Cereals, processed vegetables, chocolate/cocoa, distilled spirits, and fresh fruits had the largest increase in value over the year. The increase in fruit and vegetable imports can be explained by the tough weather conditions New Zealand growers experienced over the year, which made growing conditions unfavorable. Chocolate & cocoa prices soared over the year, almost doubling in price. Distilled spirits, and cereals & pastas are 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)

Product	2022	2023	Percentage Change
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 United States to New Zealand from highest value in 2023 to lowest. Interestingly, the highest imported products from 2022 fell the most during 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 New Zealand 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

New Zealand consumers are relatively health conscious these days, always seeking foods to enrich their health and 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.

Product Not Present in Market due to Significant Barriers

Farm-raised salmon. Any imported products into New Zealand MUST meet the Import Health Standards (IHS), which is governed through MPI.

Section 5: Key Contacts and Further Information

Name	Function
Ministry of Primary Industries (MPI)	Governing body of exports and primary sector
Import Health Standards (IHS)	Outlines the biosecurity requirements
NZ Customs Service	Governing body for protecting NZ's borders
Food Standards Australia New Zealand (FSANZ)	Governing code for food regulation

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Attachments:

No Attachments