

## Driving growth in the **Processed Foods** sector

Food & Beverage Information Project 2012 - Depth Sector Stream

*Final Report v1.00d - December 2012*

[www.foodandbeverage.govt.nz](http://www.foodandbeverage.govt.nz)

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### The Coriolis name

The coriolis force, named for French physicist Gaspard Coriolis (1792-1843), may be seen on a large scale in the movement of winds and ocean currents on the rotating earth. It dominates weather patterns, producing the counterclockwise flow observed around low-pressure zones in the Northern Hemisphere and the clockwise flow around such zones in the Southern Hemisphere. *To us it means understanding the big picture before you get into the details.*

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This document is designed to provide high quality information and act as a **thought exercise**. It treats the New Zealand food industry effectively as a division of “NZ Inc.”

From this perspective, it acts as a presentation to the board of directors of NZ Inc. (the owners and managers of our processed foods companies) on driving growth in the foods division, particularly processed foods sector. This format acts to bring structure and narrative to what would otherwise be somewhat dry content and commentary.

This is obviously **only an exercise**. The main purpose of this document is to **stimulate thought and discussion** around opportunities and challenges facing the processed foods sector. Hopefully this different lens or perspective will assist the sector in moving forward. It is ultimately a **tool** for industry.

As part of the project, over thirty Managing Directors and CEOs from key processed foods exporters in New Zealand were interviewed. There was strong alignment and agreement from interviewees about the opportunities and the challenges facing the sector. All interviewees spoke anonymously and we thank them for their time and valuable insights.

This report forms a part of the wider Food & Beverage Information Project found at [www.foodandbeverage.govt.nz](http://www.foodandbeverage.govt.nz)



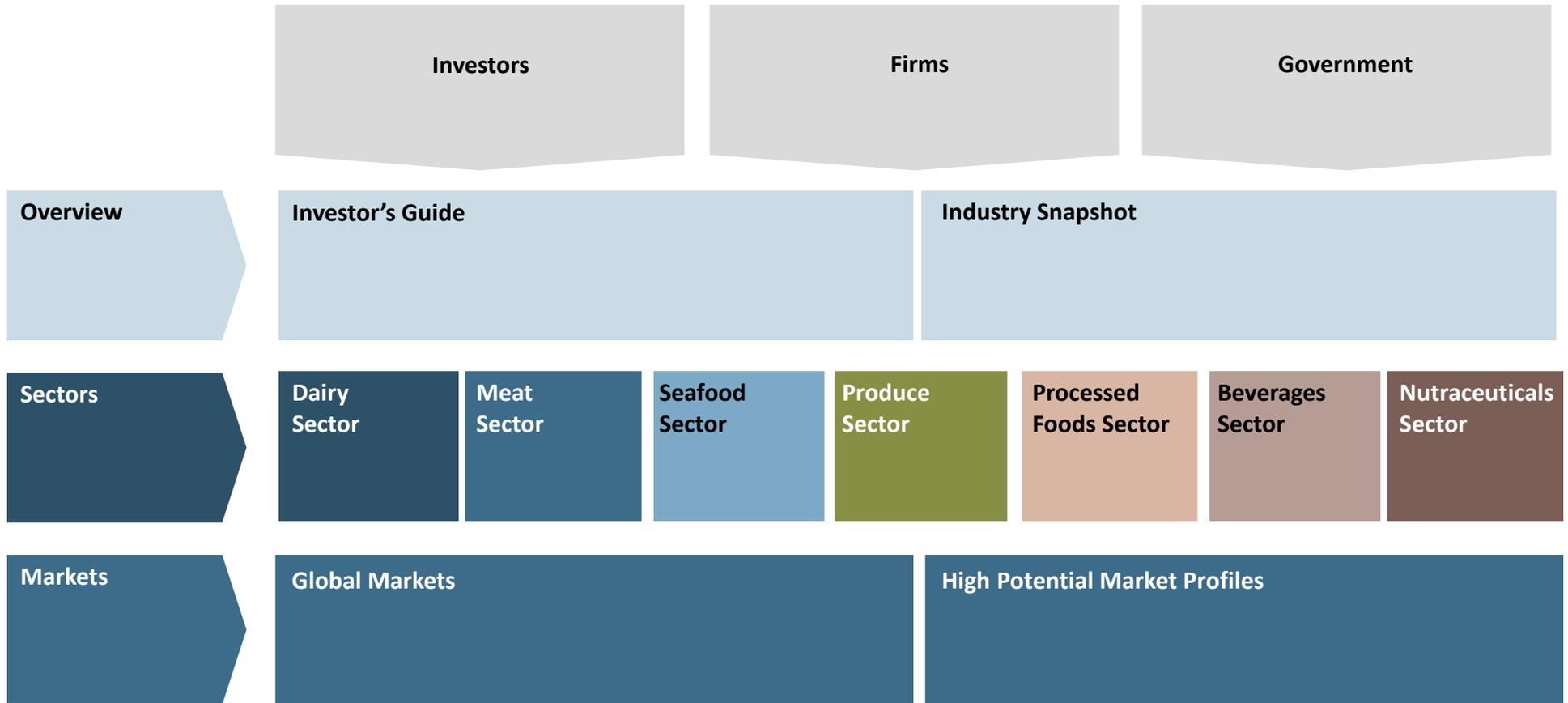
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## F&B INFORMATION PROJECT

The New Zealand Food & Beverage Information Project is designed to be the foundation of facts and figures on which a range of audiences can build

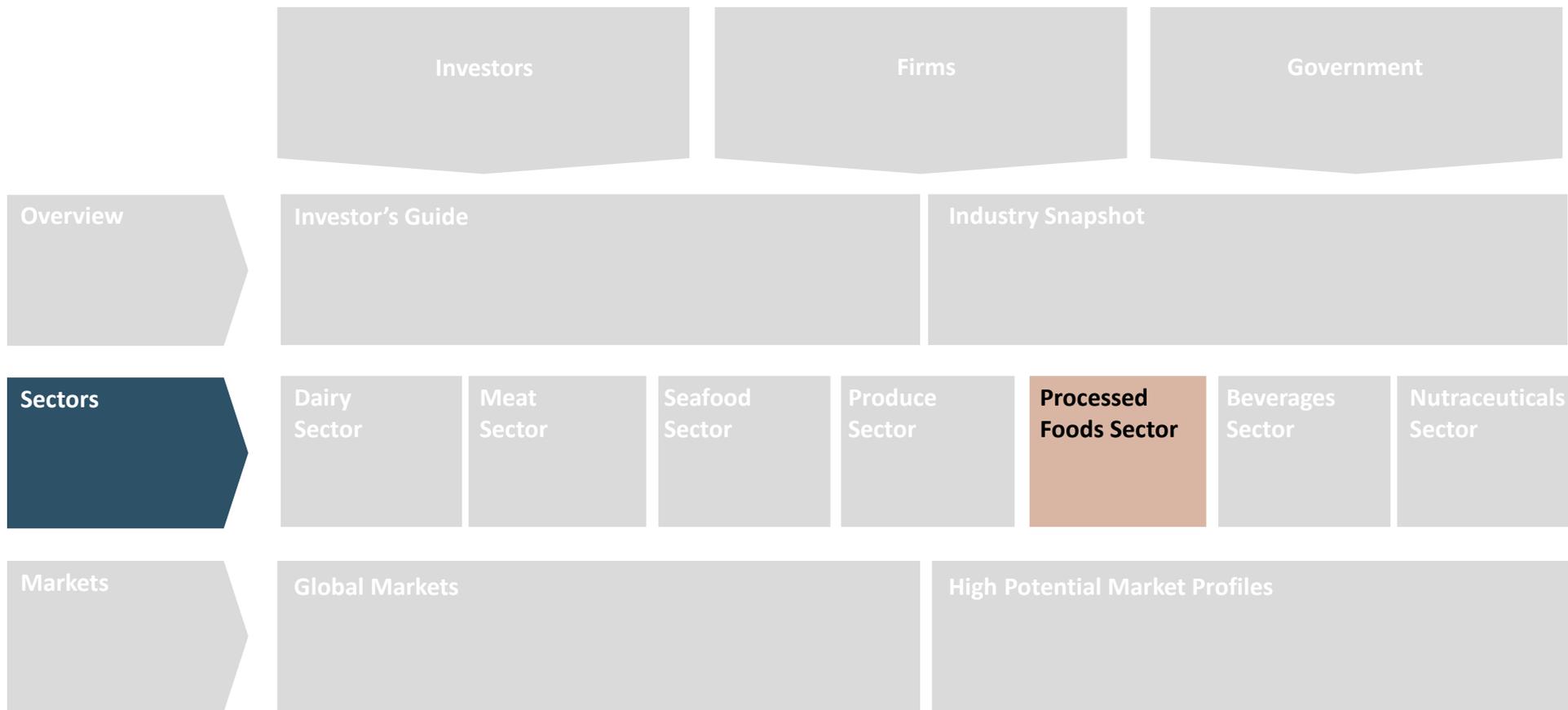
Structure of the New Zealand Food & Beverage Information Project  
(2012)



# PROCESSED FOODS SECTOR ANALYSIS

This analysis of the New Zealand processed foods sector forms a part of the wider Food & Beverage Information Project

Structure of the New Zealand Food & Beverage Information Project  
(2012)



## GLOSSARY OF TERMS

This report uses the following acronyms and abbreviations

<b>A\$/AUD</b>	Australian dollar	<b>NZ</b>	New Zealand
<b>ABS</b>	Absolute change	<b>NZ\$/NZD</b>	New Zealand dollar
<b>ANZSIC</b>	AU/NZ Standard Industry Classification	<b>Oceania</b>	Australia, New Zealand & Pacific Islands
<b>AU</b>	Australia	<b>R&amp;D</b>	Research and Development
<b>Australasia</b>	Australia and New Zealand	<b>S Asia</b>	South Asia (Indian Subcontinent)
<b>b</b>	Billion	<b>SE Asia</b>	South East Asia
<b>CAGR</b>	Compound Annual Growth Rate	<b>S.H</b>	Southern Hemisphere
<b>C/S America</b>	Central & South America (Latin America)	<b>SS Africa</b>	Sub-Saharan Africa
<b>CRI</b>	Crown Research Institute	<b>T/O</b>	Turnover
<b>CY</b>	Calendar year (ending Dec 21)	<b>US/USA</b>	United States of America
<b>E Asia</b>	East Asia	<b>US\$/USD</b>	United States dollar
<b>EBITDA</b>	Earnings before interest, tax, depreciation and amortization	<b>UK</b>	United Kingdom
<b>FY</b>	Financial year (of firm in question)	<b>YE</b>	Year ending
<b>FOB</b>	Free on Board	<b>YTD</b>	Year to date
<b>£/GBP</b>	British pounds		
<b>JV</b>	Joint venture	<b>Sources</b>	
<b>m</b>	Million	<b>AR</b>	Annual report
<b>n/a</b>	Not available/not applicable	<b>Ce</b>	Coriolis estimate
<b>NA/ME/CA</b>	North Africa / Middle East / Central Asia	<b>Ci</b>	Coriolis interview
<b>nec/nes</b>	Not elsewhere classified/not elsewhere specified	<b>K</b>	Kompass
<b>N.H</b>	Northern Hemisphere	<b>Ke</b>	Kompass estimate
		<b>ws</b>	website or article

## METHODOLOGY & DATA SOURCES

### Data was from a variety of sources, and has a number of identified limitations

- This report uses a range of information sources, both qualitative and quantitative.
- The numbers in this report come from multiple sources. While we believe the data are directionally correct, we recognise the limitations in what information is available.
  - In many cases different data sources disagree (e.g. Statistics New Zealand vs. FAO vs. UN Comtrade).
  - Many data sources incorporate estimates of industry experts.
  - As one example, in many cases, the value and/or volume recorded as exported by one country does not match the amount recorded as being received as imports by the counterparty [for understood reasons].
- In addition, in some places, we have made our own clearly noted estimates.
- Coriolis has not been asked to independently verify or audit the information or material provided to it by or on behalf of the Client or any of the data sources used in the project.
  - The information contained in the report and any commentary has been compiled from information and material supplied by third party sources and publicly available information which may (in part) be inaccurate or incomplete.
  - Coriolis makes no representation, warranty or guarantee, whether express or implied, as to the quality, accuracy, reliability, currency or completeness of the information provided in the report.
- All trade data analysed in all sections of the F&B Information project are calculated and displayed in US\$. This is done for a range of reasons:
  1. It is the currency most used in international trade
  2. It allows for cross country comparisons (e.g. vs. Denmark)
  3. It removes the impact of NZD exchange rate variability
  4. It is more comprehensible to non-NZ audiences (e.g. foreign investors)
  5. It is the currency in which the United Nations collects and tabulates global trade data
- Export data is 2011. At the time of analysis not all countries had reported and 2010 data is used (e.g. Netherlands, Austria, Spain, United Arab Emirates, Saudi Arabia, Iran, Oman, Viet Nam, Kenya, etc.); data for these countries is 2010
- The opinions expressed in this report represent those of the industry participants interviewed and the authors. These do not necessarily represent those of Coriolis Limited or the New Zealand Government.
- If you have any questions about the methodology, sources or accuracy of any part of this report, please contact Tim Morris, the report's lead author at Coriolis, on +64 9 623 1848



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## OBJECTIVE

The New Zealand Government has set a target to double export sales (in real terms) by 2025

Our instructions:

“Lifting our export economy from 30% to 40% of GDP by 2025”

“If we want exports to be 40% of GDP by 2025 – what does this look like?”

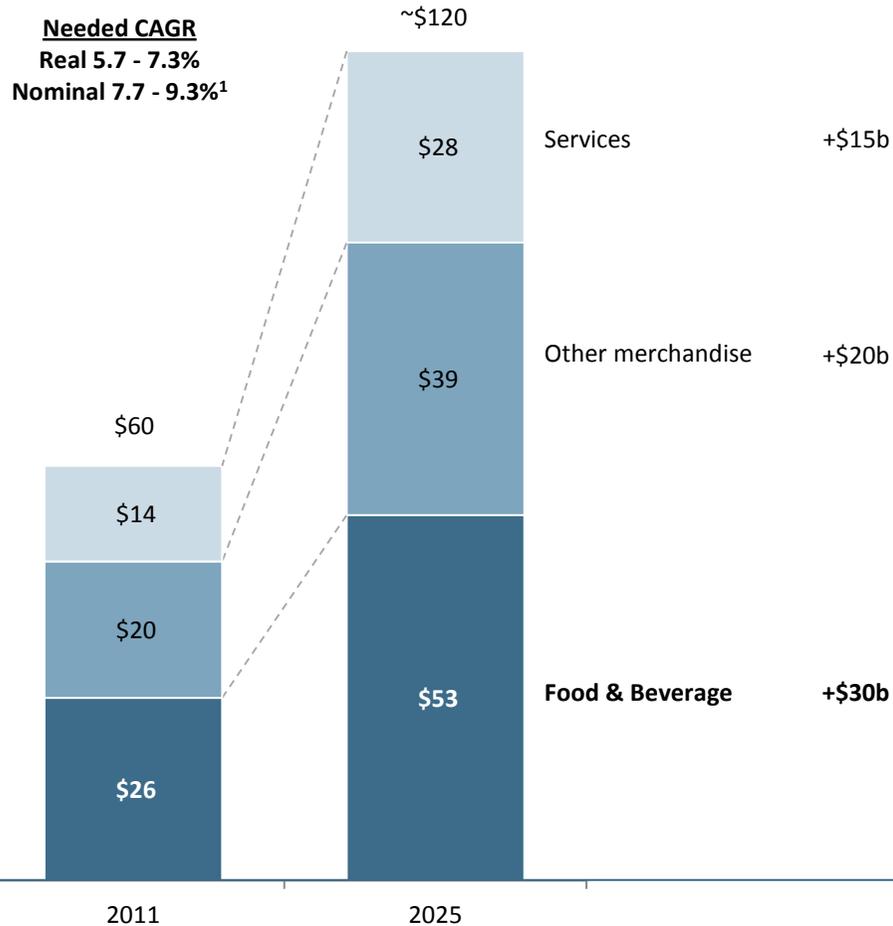
- Exports need to double in real terms
- Exports have to increase in real terms by 5.7% to 7.3% per annum (depending on GDP growth)”

# REQUIRED GROWTH

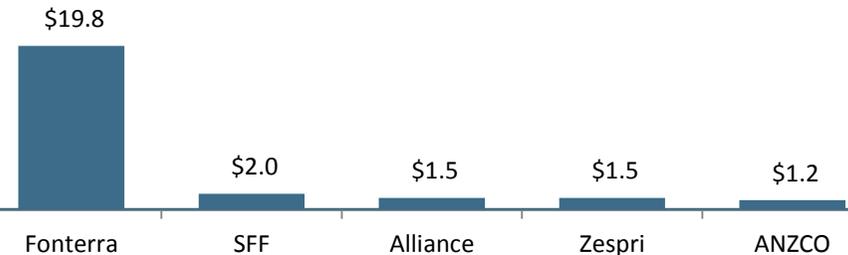
Doubling export sales of the foods division by 2025 will require a (non-inflation adjusted) **export growth CAGR of 7.7% - 9.3%** per annum for fifteen years leading to **~\$30b in new exports** in today dollars (or 1½ Fonterras)

Model of export growth required to reach this target  
(NZ\$b; 2011 actual vs. 2025 model)

Turnover of top 5 NZ F&B firms in FY 2011 (in US\$)  
(NZ\$b; FY11)



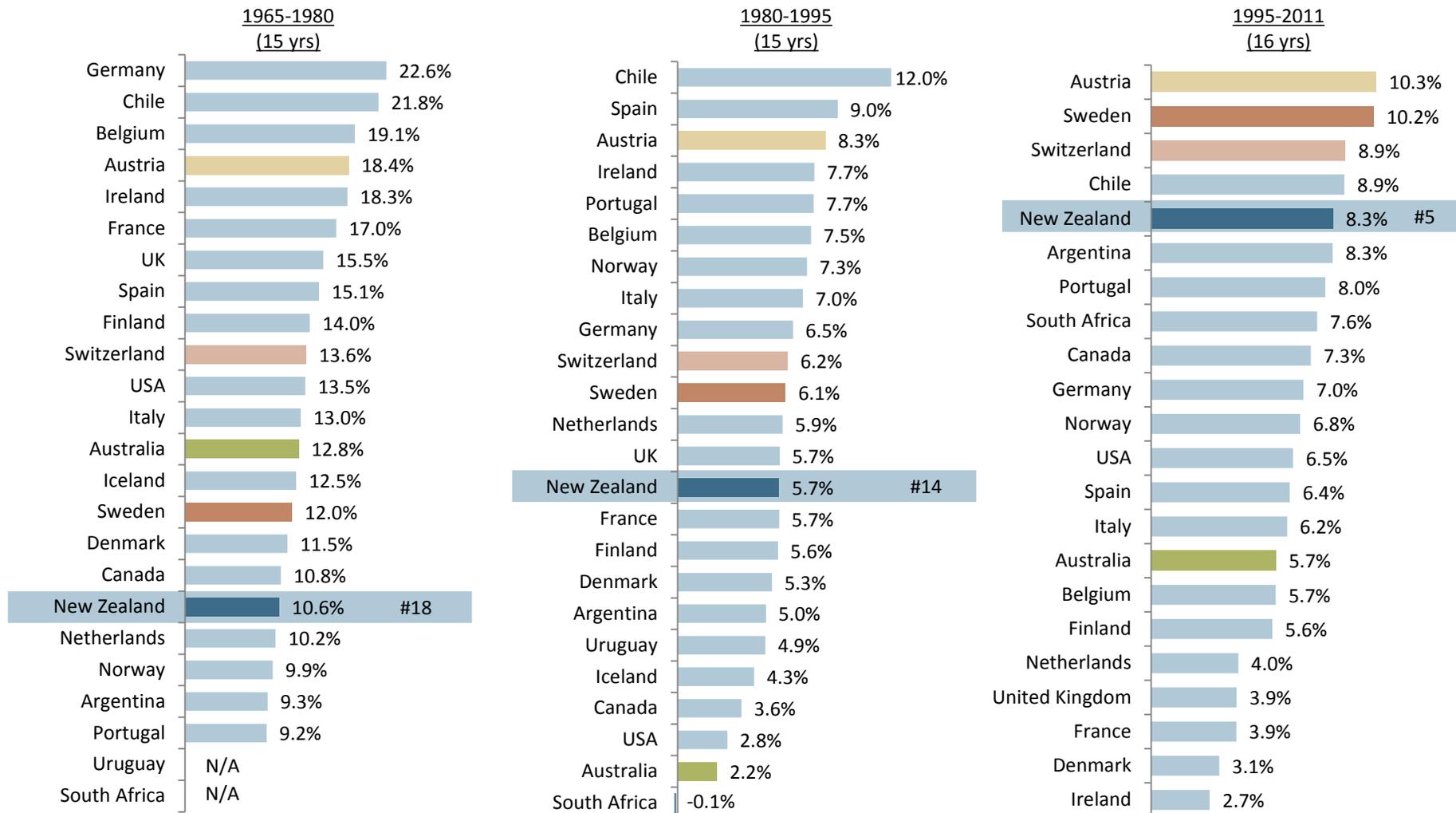
Note firm turnover includes any post-FOB markup and non-NZ sales and, as such, is not directly comparable



## PAST PERFORMANCE

This is not impossible: NZ Inc.'s food division **achieved a 8.3% CAGR** over the past **16 year period**, outperforming a wide range of competitors

15 year compound annual growth rate (CAGR) in total food & beverage export value: New Zealand vs. identified climatic peers  
(%; US\$; non-inflation adjusted; 2011 or latest available)





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## STRUCTURAL CHALLENGES – FEEDBACK FROM INDUSTRY

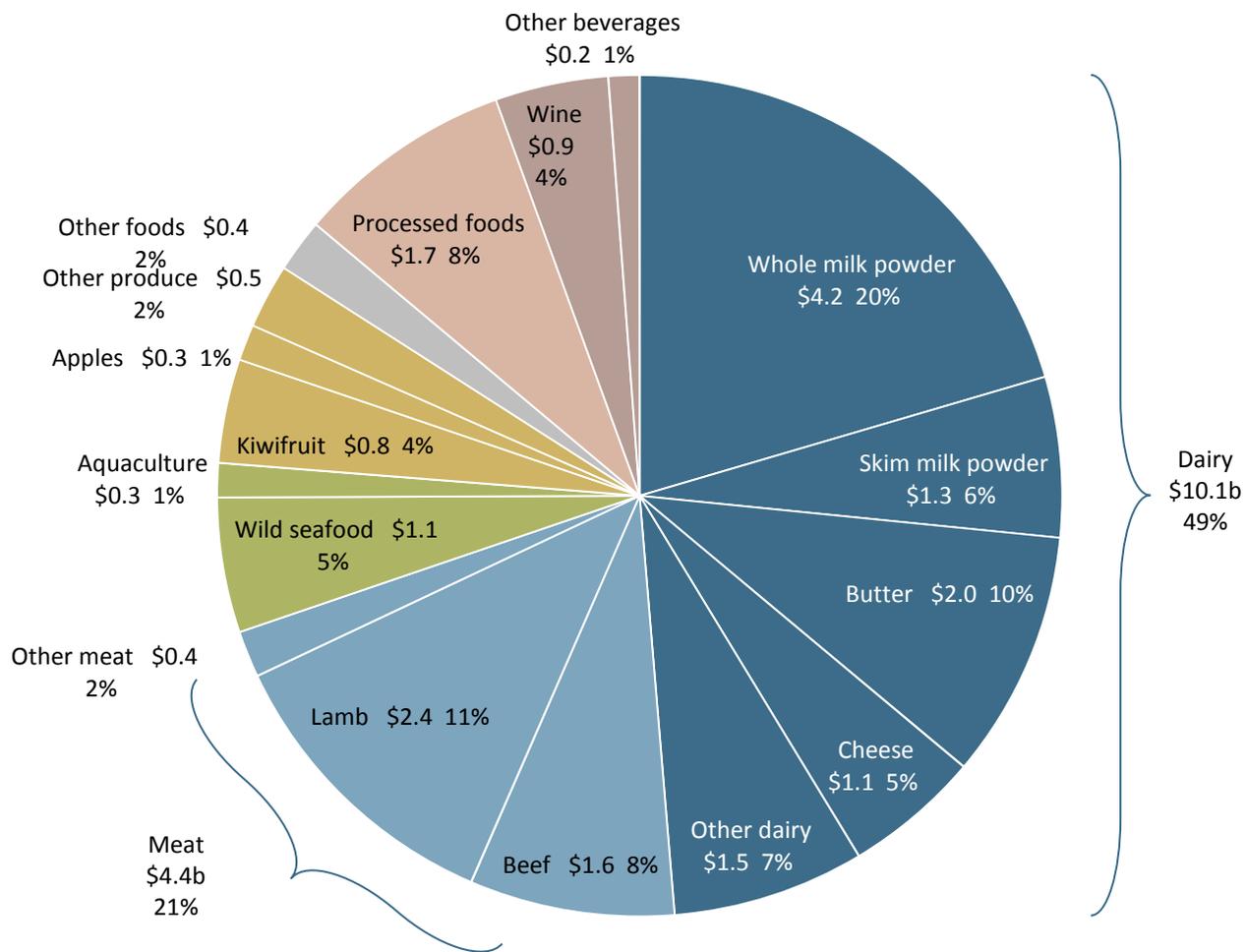
NZ Inc. needs to **manage** around or **overcome key structural challenges** to drive growth: location, market size and capital

Challenge	Detail	Sub-issues	Possible ways to manage or overcome
Location	Located on the edge of the Asia Pacific region	<ul style="list-style-type: none"> <li>- Shipping distance</li> <li>- Travel time to markets</li> </ul>	<ul style="list-style-type: none"> <li>- Product changes/reformulation</li> <li>- Packaging technology</li> <li>- Faster ships; more ships</li> </ul>
Market size	Small domestic market for F&B	<ul style="list-style-type: none"> <li>- Achieving scale challenging</li> <li>- Need to export early</li> </ul>	<ul style="list-style-type: none"> <li>- Australasian “home” market</li> <li>- Further, deeper integration with Australia</li> <li>- Deeper integration with SE Asia/ASEAN</li> <li>- Multicountry compliant packaging (c.f. EU)</li> <li>- Building skills in exporting</li> </ul>
Capital	Limited pool of domestic capital	<ul style="list-style-type: none"> <li>- Limited domestic venture capital &amp; private equity</li> <li>- Small stockmarket</li> <li>- Rely on imported capital</li> <li>- Firms often acquired or move to Australia</li> </ul>	<ul style="list-style-type: none"> <li>- Next-generation cooperatives</li> <li>- Encourage further investment by multinationals with strong fit with New Zealand</li> <li>- Kiwisaver</li> </ul>

## NEW ZEALAND – F&B EXPORTS

Exports by NZ Inc.'s food division are **still dominated** by a handful of key traditional product categories; core segments dairy and meat still account for 70% of export value

New Zealand food & beverage export value by major segment  
(US\$b; 2011)

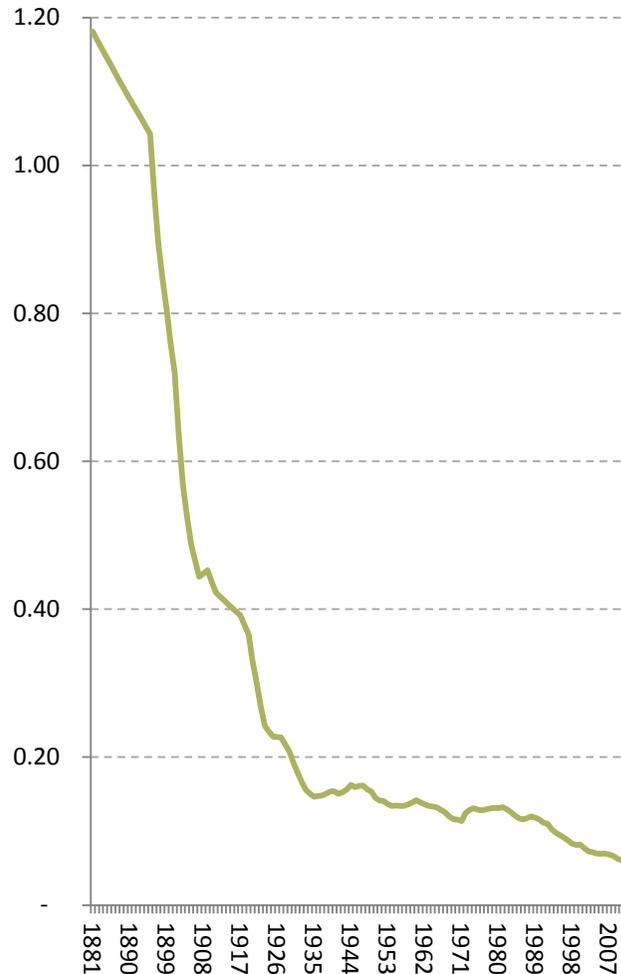


Total = US\$20.7b

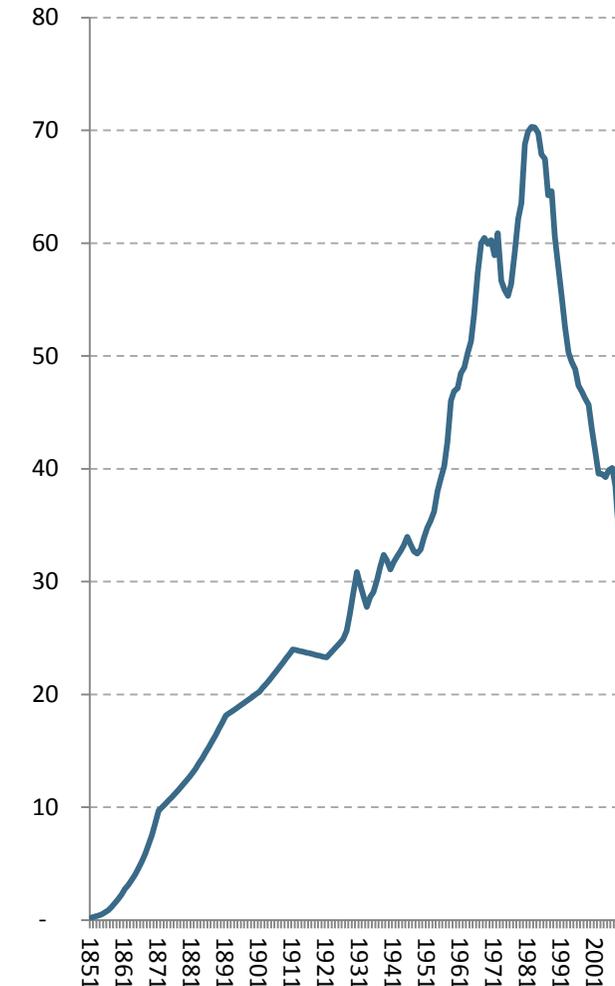
## NEW ZEALAND – PRODUCTION LIMITS EXIST IN SOME PRODUCTS

NZ Inc. has **limited capacity to produce more** in some key categories – particularly **pastoral agriculture** and **wild capture of seafood**

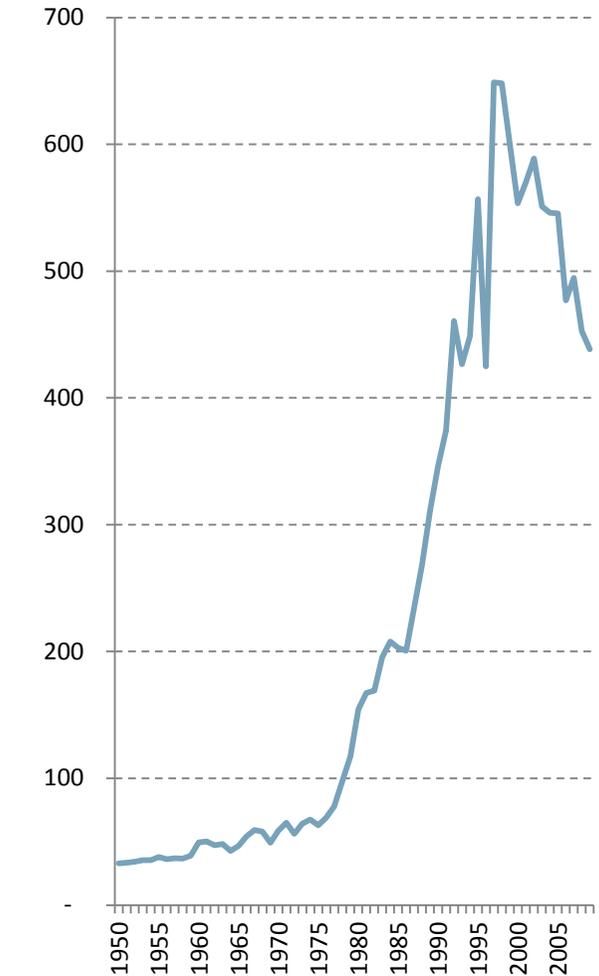
Square kilometre per dairy cows in milk  
(Animals/km<sup>2</sup>; 1881-2010)



Number of sheep in New Zealand  
(Animals; millions; 1851-2010)



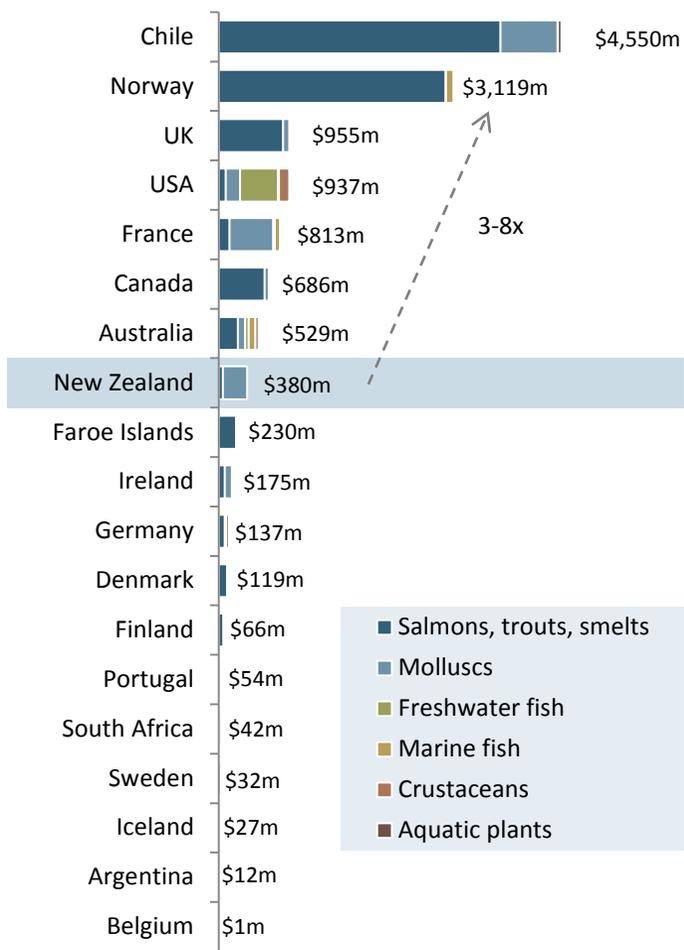
Wild capture volume of seafood in NZ  
(Tonnes; 000; 1851-2010)



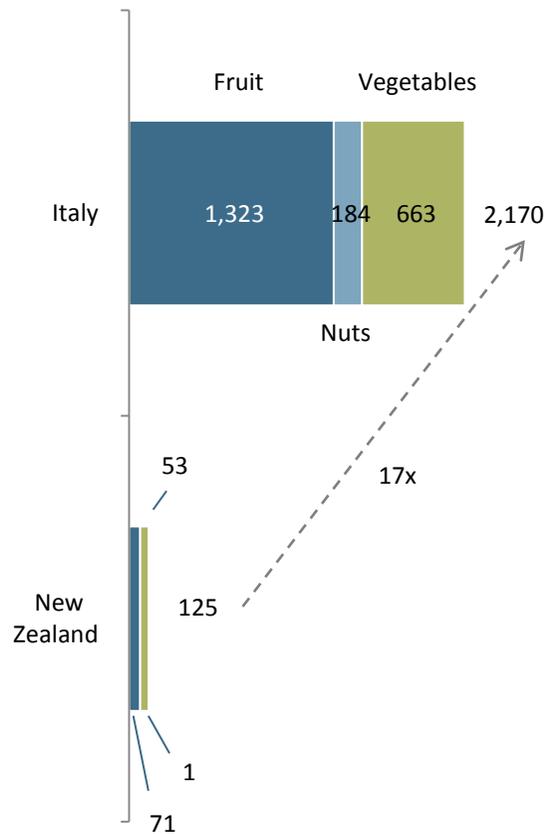
## NEW ZEALAND – GROWTH UPSIDE IN OTHERS

Other key categories – including **aquaculture**, **horticulture** and **wine** – have **growth upside**; however peers suggest this is **not limitless**

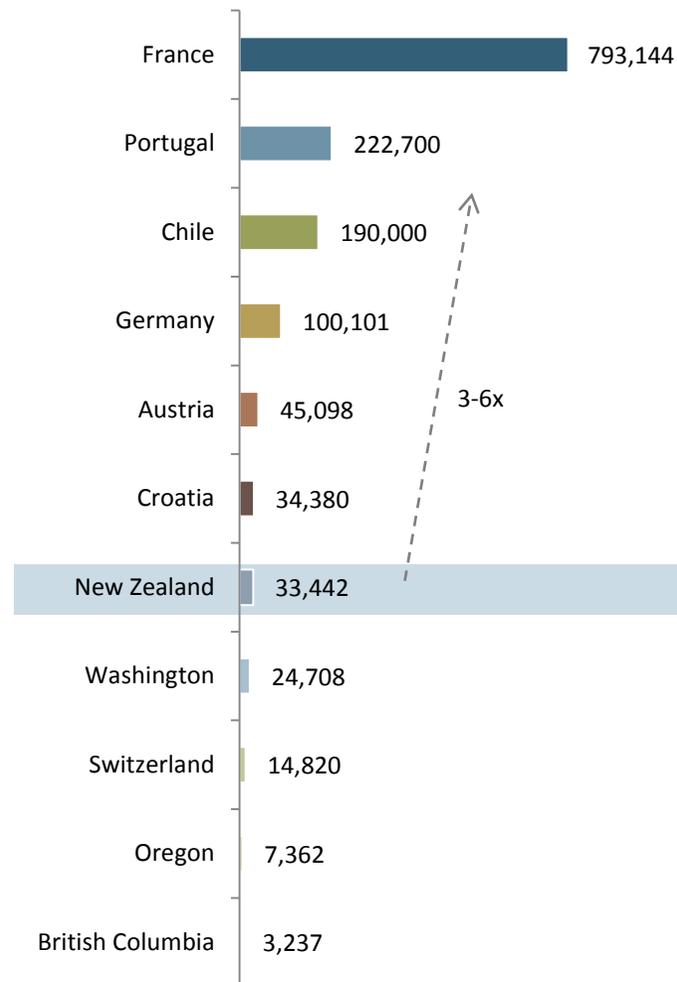
Value of aquaculture production by species  
(US\$m; 2008)



Hectares in fruit, nuts & vegetables  
(ha; 000; 2009)



Total Grape area by country/region  
(ha; actual; 2009)



## SHIFT FROM COMMODITIES

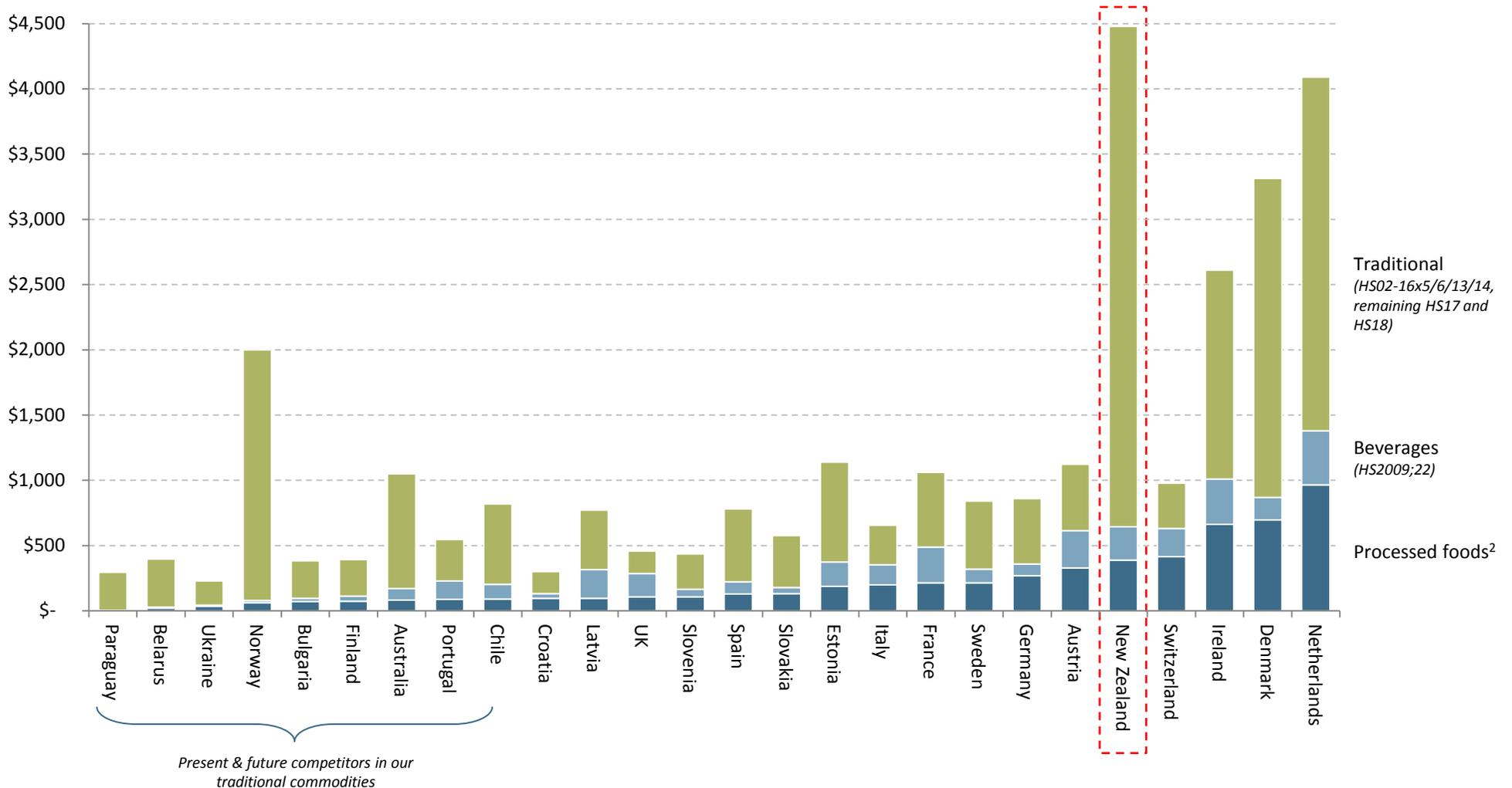
NZ Inc. needs to continue transitioning **away from the volume & price** driven mindset in order to realise growth potential

- “We have to **move beyond price**. In most of our traditional products and markets it’s all price, price, price. New Zealand can’t win on price, not in our niche categories; it has to be value and innovation. It takes time to get beyond price. Even the Americans and the Europeans can beat us on price, even with higher labour costs they have huge automated factories. In NZ we only have that in dairy.” *CEO, mid sized, NZ owned*
- “We are **still concentrating** on the **primary end** of the value chain, rather than the value-added end: it’s still lamb chops and dairy products. The only way to **grow** is through **higher value products**. **We produce great products and not great brands.**” *CEO, mid sized, NZ owned*
- “New Zealand has a **farming mentality**, looking at farm gate prices. It’s a battle to get farmers to think bigger. If they want consistent returns, they need to look at the consumer.” *Marketing Manager, mid-sized NZ owned*
- “We are **still exporting thousands of sacks of milk powder**. We need to shift from this commodity position.” *MD, mid sized, NZ owned*
- “We have to **add value**. We have to have a point of difference and be **leading and innovative.**” *MD, small-mid, NZ family owned*
- “We are too **constrained by our inputs**. We **can’t just keep going for volume**. We need to export processed foods.” *CEO mid sized, NZ owned*
- “Last month, the new Fonterra Darfield plant sent its first shipment of milk powder to China. It is being made into dairy beverages. **How much of that value could be kept in New Zealand?** Does Fonterra own or have a JV with the company making it into a beverage in China?” *CEO mid sized, NZ owned*
- “We have to **learn how to premiumise** our dairy, fruit, beef and lamb. Make them exclusive. We need to promote the “no nasties”, top notch quality. Its not the R&D, it’s the marketing, the story, the brand.” *CEO, mid sized, NZ owned*
- “Selling **low value commodities in bulk is not the future**. That is such a competitive market. We need to balance the volume and the value.” *Export Manager, large NZ owned business*
- “It has to be **added value products** that we are exporting. We need to turn that milk powder into chocolate and infant formula.” *CEO mid sized, NZ owned*

## RELATIVE PERFORMANCE

Relative to peers, NZ Inc. has **good F&B exports per capita**; however, our mix is currently skewed towards traditional, minimally-processed products; we **underperform in added-value processed foods**

Food & Beverage (F&B) export value per capita by select category: New Zealand vs. select temperate small country peers (US\$; 2011<sup>1</sup>)



## EXAMPLE: MILK POWDER TO CONSUMER

NZ Inc. still significantly makes ingredients, which are sold to food manufacturers, who add-value by turning them into processed foods ready for consumers, as this example from dairy shows

EXAMPLE: Flow of New Zealand milk powder from the farmer to the consumer  
(simplified model; 2010)

Farmers  
(milk)

Dairy Processors  
(milk powder)

Food Manufacturers  
(processed foods)

Retailers  
(products)

Consumers  
(food)



- Baked goods
- Dairy products
- Infant formula
- Proc. meat/analogs
- Beverages
- Nutrition Bars
- Condiments
- Confectionery
- Dessert-type snacks
- Pet foods
- Savoury items



... and many others



... and many others



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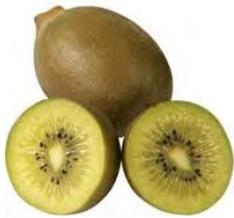
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## WHAT ARE PROCESSED FOODS?

**Processed foods** are foods made from a **combination of ingredients**, rather than one single or predominant ingredient

EXAMPLES: Non-processed foods vs. processed foods  
(2012)

### Non-processed foods



**Ingredients:** Kiwifruit



**Ingredients:** Lamb



**Ingredients:** Dried milk

### Processed Foods



**Ingredients:** Milk Chocolate (Contains Sugar; Cocoa Solids (Cocoa Mass & Cocoa Butter) (33%\*); Milk Powder (30%\*); An Emulsifier (Soya Lecithin); Flavour); And Roasted Almonds (27%\*) \*Minimum Percentage.



**Ingredients:** Selected Meat & Meat by-products (Derived from Poultry, Lamb & Beef), Flour, Vegetable Proteins, Gelling agents, Oils, Colours, Flavours, Vitamin & Mineral Supplement

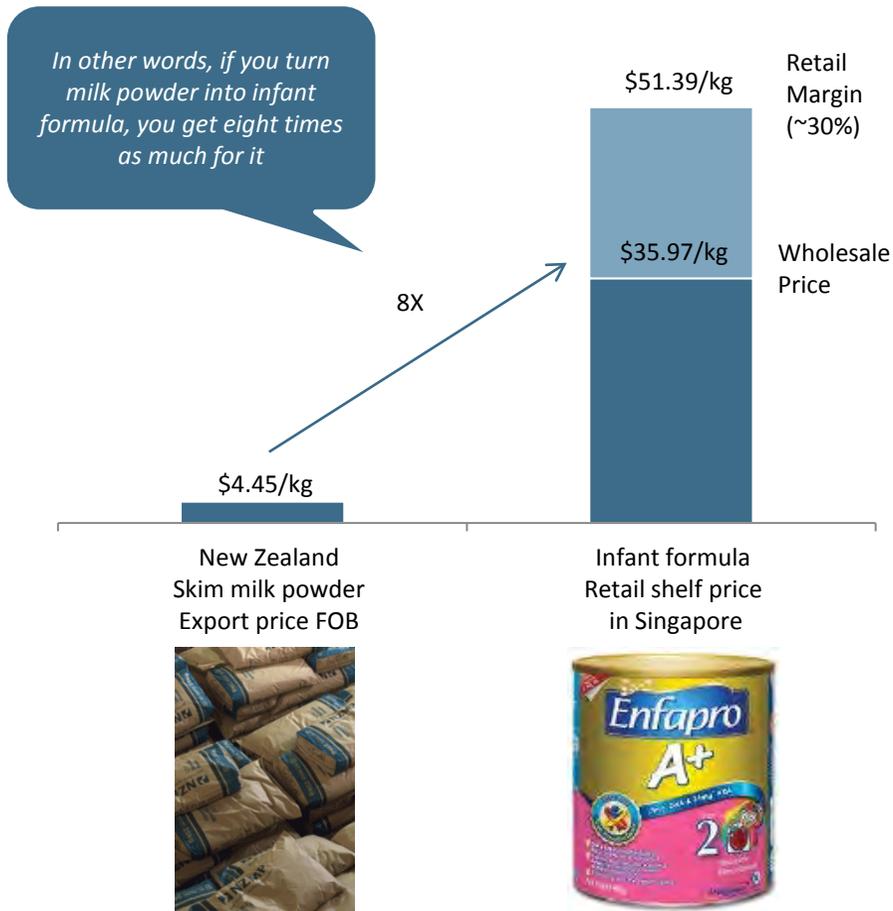


**Ingredients:** Nonfat Milk Powder, Lactose, High Oleic Safflower Oil, Soy Oil, Coconut Oil, Whey Protein Concentrate. In addition, less than 2% of the following: Potassium Citrate, Calcium Carbonate, Ascorbic Acid, Potassium Chloride, Magnesium Chloride, Ferrous Sulfate, Choline Chloride, Choline Bitartrate, Ascorbyl Palmitate, Sodium Chloride, Taurine, m-Inositol, Zinc Sulfate, Mixed Tocopherols, Niacinamide, d-Alpha-Tocopheryl Acetate, Calcium Pantothenate, L-Carnitine, Cupric Sulfate, Vitamin A Palmitate, Thiamine Chloride Hydrochloride, Riboflavin, Pyridoxine Hydrochloride, Beta-Carotene, Folic Acid, Manganese Sulfate, Phylloquinone, Biotin, Sodium Selenate, Vitamin D<sub>3</sub>, Cyanocobalamin, Calcium Phosphate, Potassium Phosphate, Potassium Hydroxide, and Nucleotides (Adenosine 5'-Monophosphate, Cytidine 5'-Monophosphate, Disodium Guanosine 5'-Monophosphate, Disodium Uridine 5'-Monophosphate)

## HOW TO ADD VALUE

The phrase “**adding value**” is often discussed; a comparison of the FOB price NZ Inc. received for milk powder with the retail price of infant formula gives a real-world example of how this is done

New Zealand FOB price of SMP vs retail price of infant formula in Singapore  
(NZ\$/kilogram; Sept 2012)



Ingredients: (in order of volume)

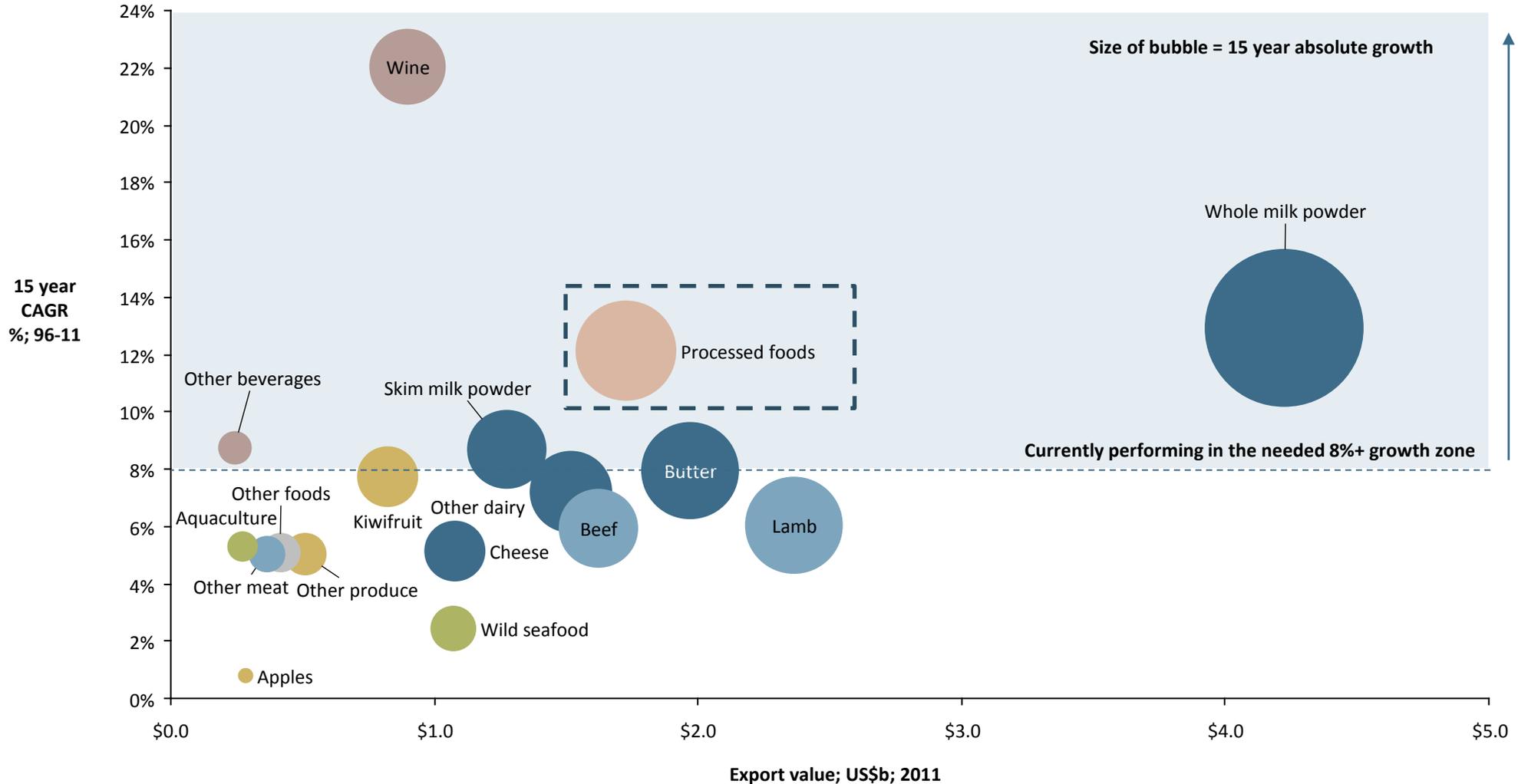
Nonfat Milk Powder, Lactose, High Oleic Safflower Oil, Soy Oil, Coconut Oil, Whey Protein Concentrate.

In addition, less than 2% of the following: Potassium Citrate, Calcium Carbonate, Ascorbic Acid, Potassium Chloride, Magnesium Chloride, Ferrous Sulfate, Choline Chloride, Choline Bitartrate, Ascorbyl Palmitate, Sodium Chloride, Taurine, m-Inositol, Zinc Sulfate, Mixed Tocopherols, Niacinamide, d-Alpha-Tocopheryl Acetate, Calcium Pantothenate, L-Carnitine, Cupric Sulfate, Vitamin A Palmitate, Thiamine Chloride Hydrochloride, Riboflavin, Pyridoxine Hydrochloride, Beta-Carotene, Folic Acid, Manganese Sulfate, Phylloquinone, Biotin, Sodium Selenate, Vitamin D<sub>3</sub>, Cyanocobalamin, Calcium Phosphate, Potassium Phosphate, Potassium Hydroxide, and Nucleotides (Adenosine 5'-Monophosphate, Cytidine 5'-Monophosphate, Disodium Guanosine 5'-Monophosphate, Disodium Uridine 5'-Monophosphate)

## F&B EXPORTS – GROWTH MATRIX

Growth performance varies by segment; dairy, beverages and processed foods are the key growth standouts; our research suggests **processed foods** has **best potential** for creating required growth

New Zealand food & beverage export matrix by major product segment: export value vs. rate of growth vs. absolute growth  
(US\$b; 1996 vs. 2011)

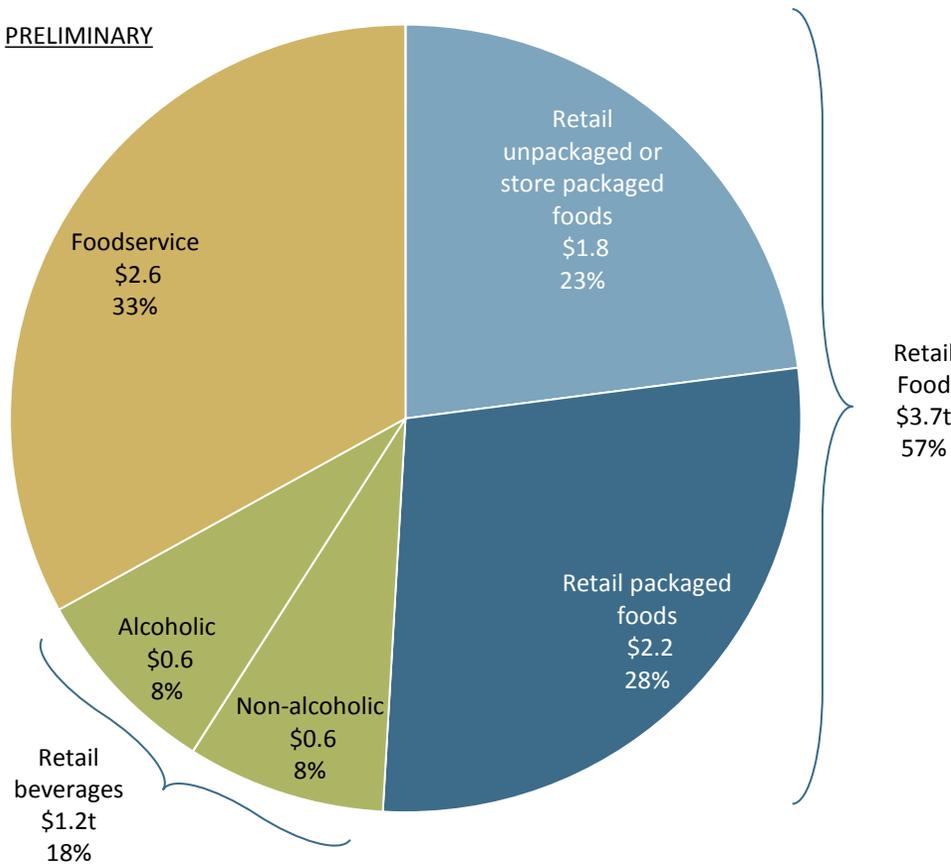


## WHY? BIG AND GROWING

Packaged foods<sup>1</sup> are a huge US\$2.2 trillion global market at retail and account for about ~30% of global expenditure on food and beverages; they are showing solid growth, achieving a 7% CAGR over the last five years

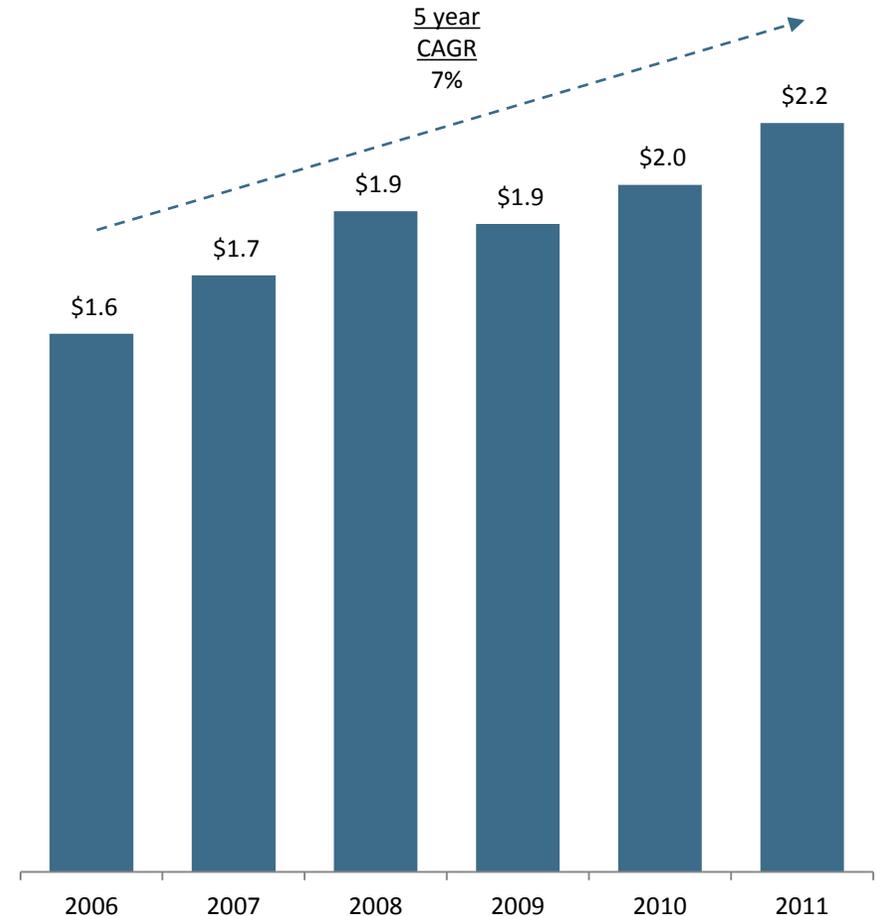
Estimated global expenditure on food & beverages  
US\$; trillions; 2011

PRELIMINARY



Total = US\$7.7 trillion dollars in retail sales globally

Global retail sales of packaged foods according to Euromonitor  
US\$; trillions; 2006-2011



Retail Food  
\$3.7t  
57%

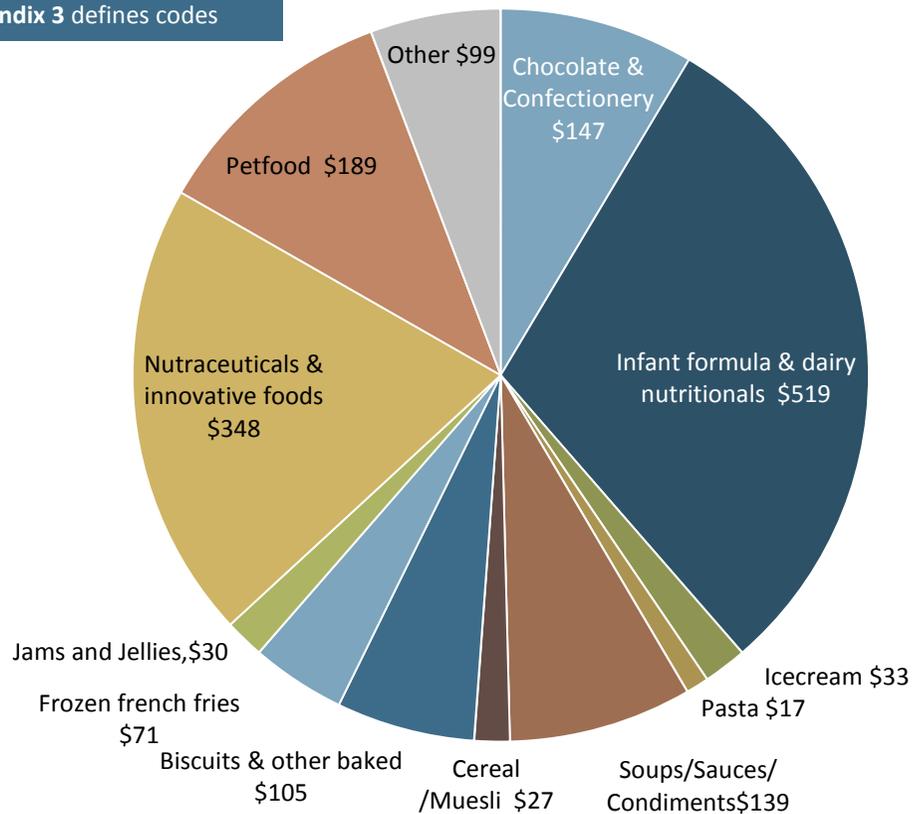
Excludes: subsistence agriculture, home production and non-market transactions

## PROCESSED FOODS TRADE

In 2011 NZ Inc. achieved processed foods exports of **US\$1.7b** across a wide range of products

New Zealand total processed foods exports by form  
(US\$m; FOB; 2011)

Appendix 2 detailed one page profile of each<sup>1</sup>  
Appendix 3 defines codes



Total = US\$1,726m

### Comments/Notes

- Petfood, while not a human food, is included as it is adding value to NZ ingredients, and is located in the centre of a supermarket along side food items
- Pasta products primarily (88%) to Australia in 2011

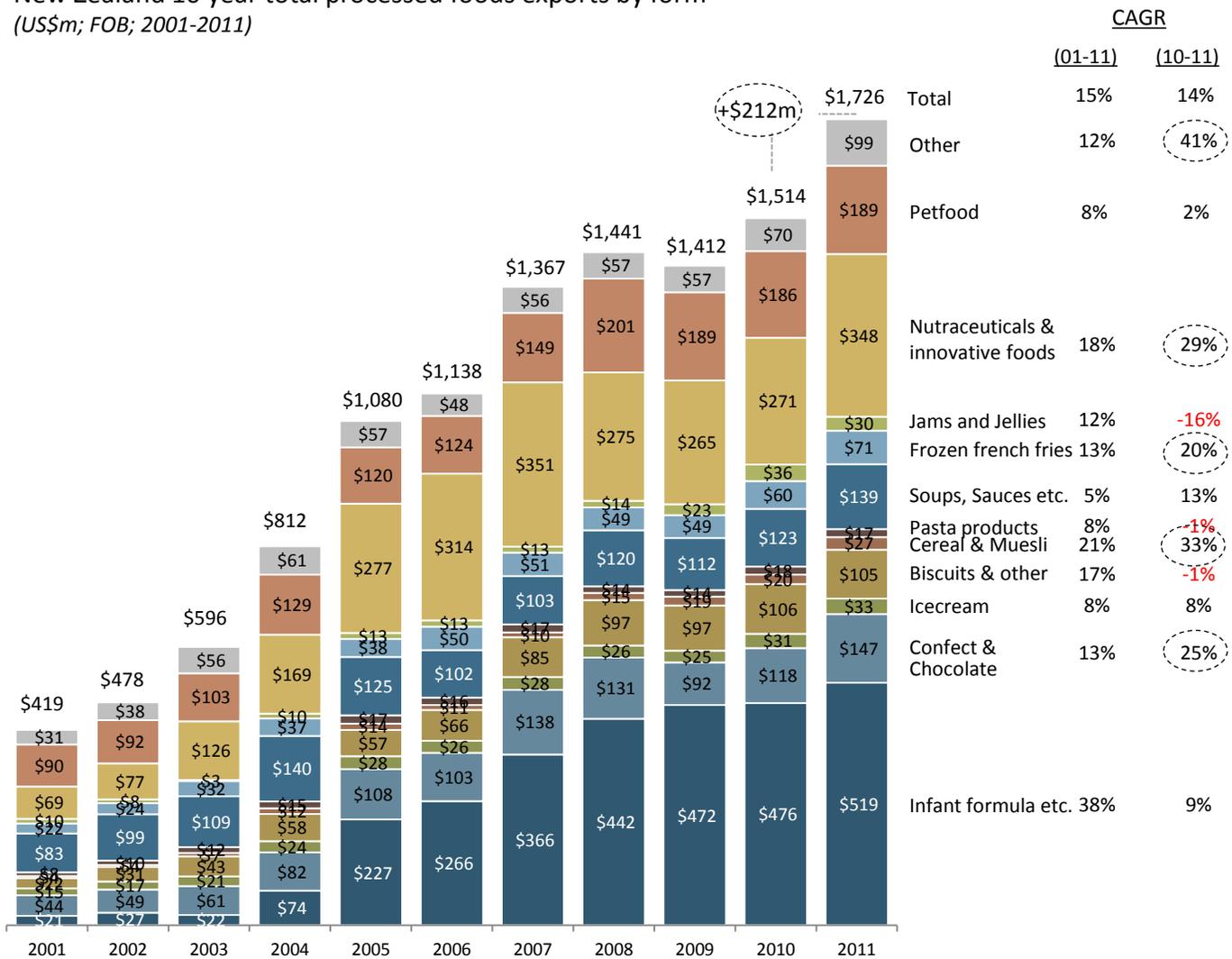
### Notes/Definitions

- “Nutraceuticals and Innovative Foods” items under code 210690 are primarily Food preparations; n.e.c. and Food preparations; food stuffs and chemicals, mixtures, used in the preparation of human foodstuffs. Largest NZ markets are Australia, Japan, Korea and HK.

# PROCESSED FOODS TRADE

NZ Inc.'s processed foods exports are showing strong growth overall; a growth surge occurred last year

New Zealand 10 year total processed foods exports by form  
(US\$m; FOB; 2001-2011)



	CAGR	(01-11)	(10-11)
Total	15%	15%	14%
Other	12%	12%	41%
Petfood	8%	8%	2%
Nutraceuticals & innovative foods	18%	18%	29%
Jams and Jellies	12%	12%	-16%
Frozen french fries	13%	13%	20%
Soups, Sauces etc.	5%	5%	13%
Pasta products	8%	8%	-1%
Cereal & Muesli	21%	21%	33%
Biscuits & other	17%	17%	-1%
Icecream	8%	8%	8%
Confect & Chocolate	13%	13%	25%
Infant formula etc.	38%	38%	9%

Comments/Notes

- Most categories have been showing substantial double digit over the last 10 years; many categories have shown a large jump in the last 12 months
- Cereal, confectionery, soups, sauces dominated by Australia
- Infant formula driven by China, Nigeria(?) and Australia
- Nutraceuticals and Innovative foods driven by Australia, Japan and Korea

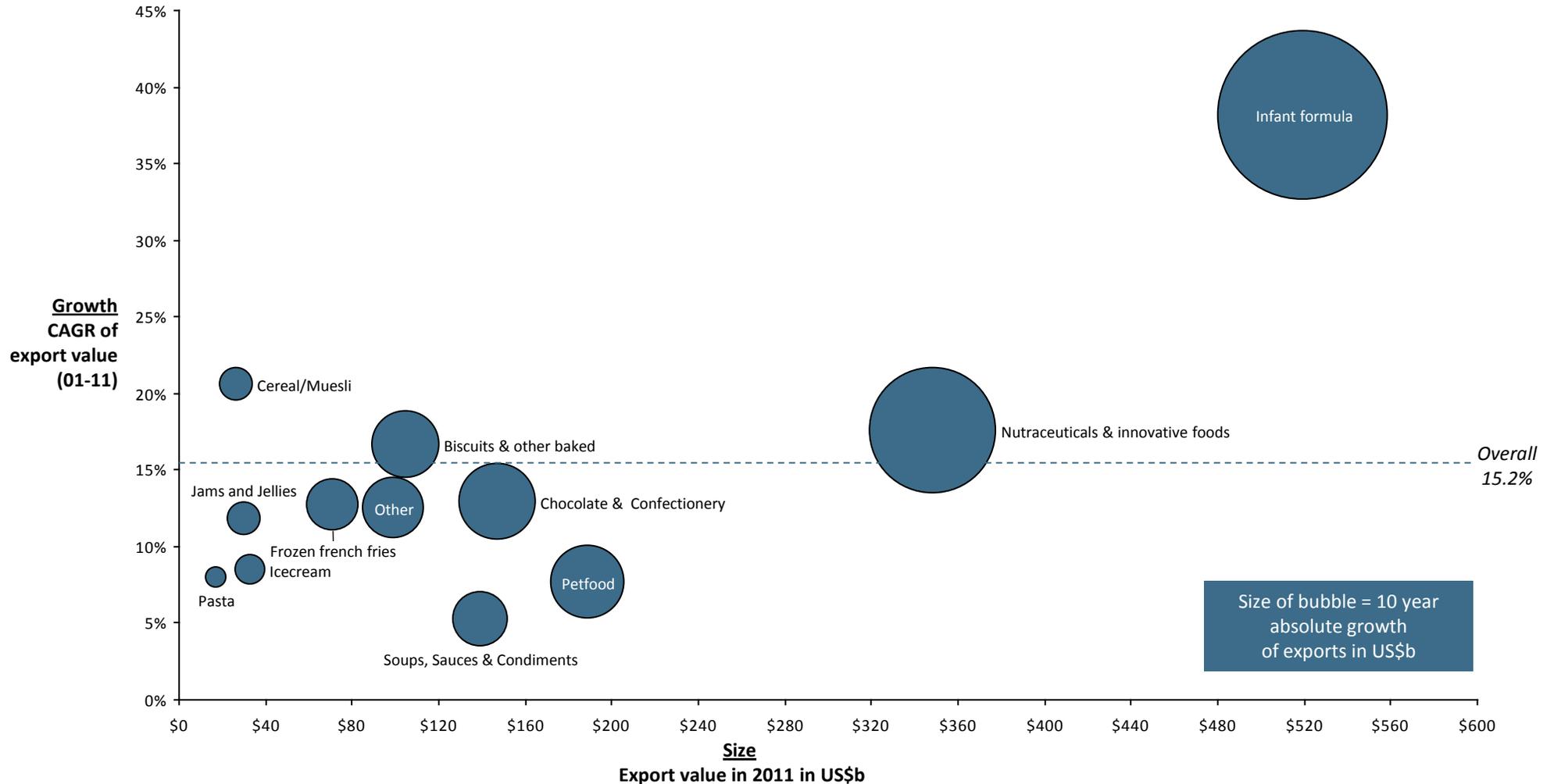
Notes/Definitions

- See Appendix for full definitions

# GROWTH MATRIX

Infant formula and “nutraceuticals & innovative foods” are leading the way in absolute value and growth of processed foods exports

Export value of key products in 2011 vs. 10 year CAGR of export value vs. 10 year absolute growth in exports  
 (US\$b; FOB; nominal; 2001v2011)



# KEY FIRMS

Success in processed foods is coming from across a range of firms

Identified key firms manufacturing and exporting processed foods by category by ownership (2012)

Not a complete list

	New Zealand resident with local ownership	New Zealand resident with partial/total foreign investment	Foreign multinational investment
Infant formula & nutritionals			
Chocolate & Confectionery			
Ice cream			
Biscuits & other baked products			
Cereal & Muesli products			-
Pasta products		-	
Soups, Sauces & Condiments		-	
Frozen french fries		-	
Jams and Jellies		-	
Nutraceuticals & innovative foods			
Petfood			
Other processed foods			



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## DRIVERS OF GROWTH – 1 – COMPETITIVE ADVANTAGE

Interviewees identified a pyramid of required driver of growth; the pyramid is built on a foundation of NZ Inc.'s competitive advantage in food and agriculture



## EMBRACE COMPETITIVE ADVANTAGE

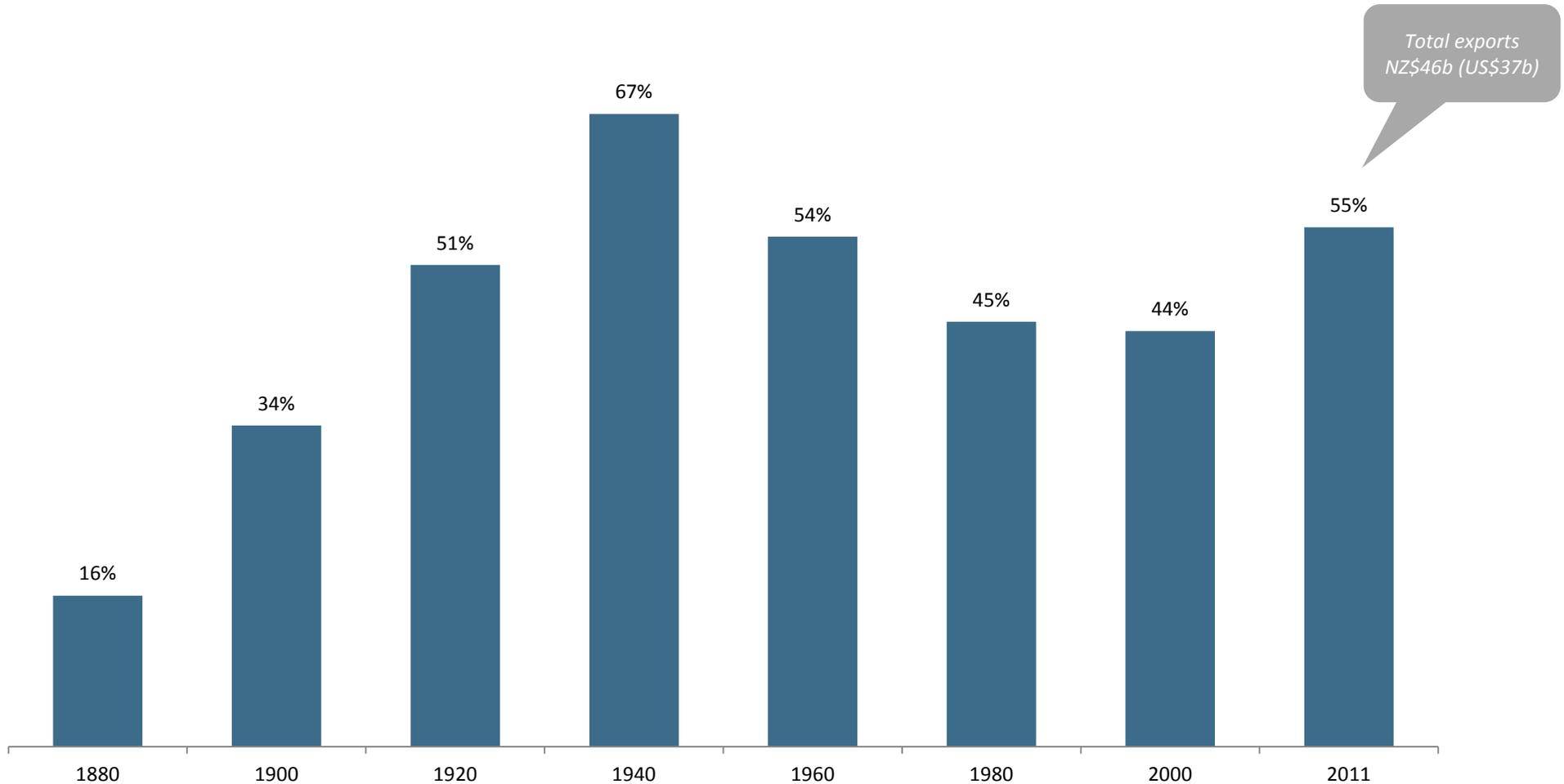
### Interviewees identified strong NZ Inc. competitive/comparative advantage in foods

- “New Zealand has a **real advantage** in ingredients like meat, dairy, kiwifruit, apples, honey. So in these areas we can really win and attract business, but not in all areas. Nuts for example, we have no real nut industry, so we must add value.” *CEO, mid sized, NZ owned*
- “I genuinely believe that in some areas in New Zealand we have a **natural comparative advantage**. In food generally and especially if its sourced from New Zealand.” *MD, mid sized, NZ owned*
- “We have latent **competitive advantage**. We’re **green, flexible and agile, innovative**. We make **good quality** products. But we **could leverage it better**.” *MD, mid sized, Foreign owned*
- “New Zealand has access to good raw materials, we have a low population base to support and we have access to land, so we can grow exports. Growth has to come out of food, its **such a strong base** in New Zealand.” *CEO, large multinational company*
- “The market will dictate where we have **competitive advantage**.” *CEO, large multinational company*
- “We have a **good source of efficiently-made food products** and a green image.” *Marketing Manager, mid-sized NZ owned*
- “We have most of our **comparative advantage** in ingredients and commodities. We can efficiently grow high quality ingredients. We can produce milk efficiently. We have a high quality, consistent and reliable supply of milk. But most products are at the commodity end of the market. We have to constantly improve our production and then look at other options including exporting to other countries. If we move into infant formula, we will compete with Wyeth and Nestle; in yoghurt with Danone and Yoplait; in Cheese with Kraft and local suppliers.” *CEO, large multinational company*
- “**Comparative advantage** is the icing on the cake. You need a story around the origin of the ingredients and the country of origin. We can then add value through innovation, adding functional attribute unique nutritional.” *MD, mid sized, NZ owned*

## MAJOR F&B EXPORTER

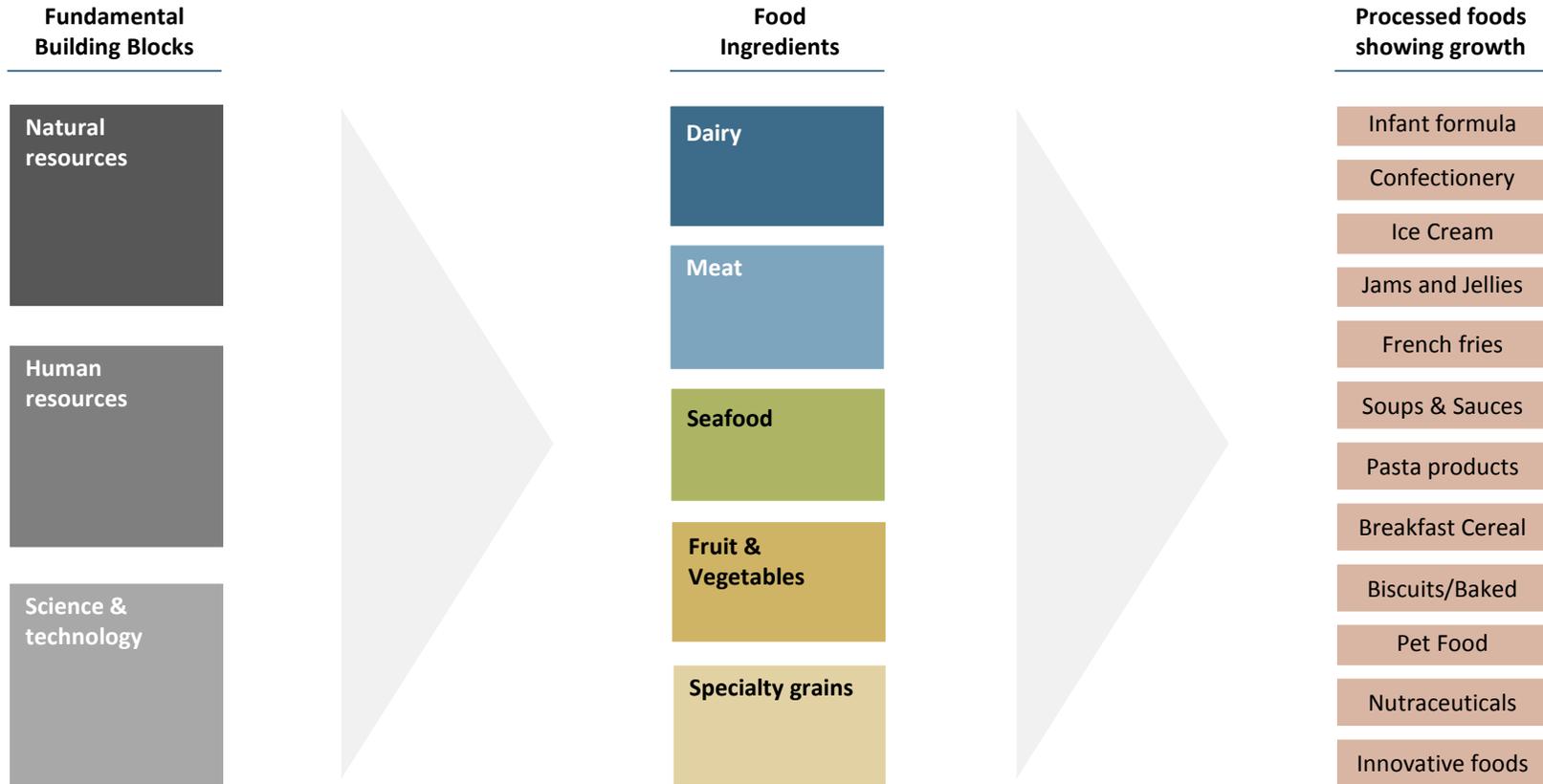
Food & beverage exports have been core to New Zealand's exports for over 100 years – it is the country's core competency

Food & Beverages as a percent of New Zealand's total export value over last 131 years  
(% of exports; 1880-2011)



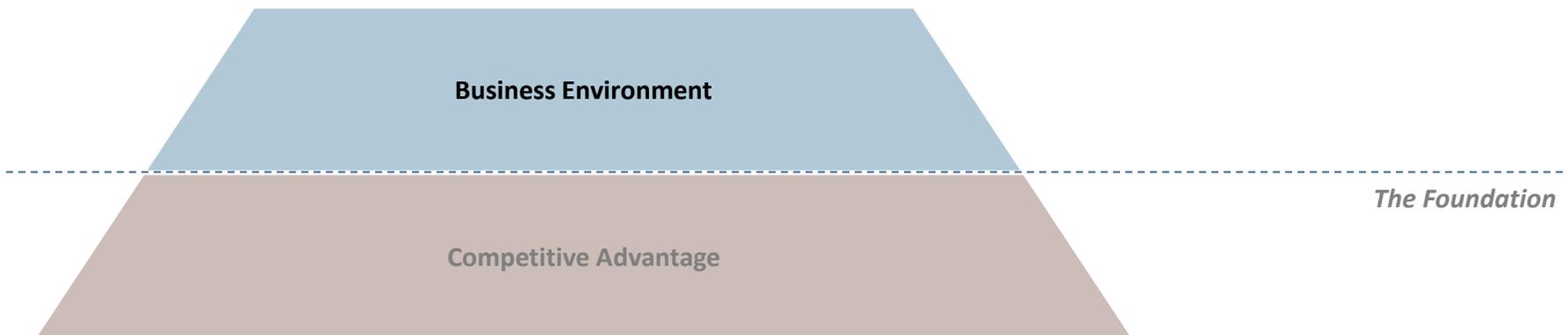
## COMPARATIVE ADVANTAGE

Growing processed foods exports are being built on NZ Inc's fundamental competitive advantages in food and beverages, based on strong building block of natural resources, experience, and science and technology



## DRIVER OF GROWTH – 2 – BUSINESS ENVIRONMENT

NZ Inc. needs to **maintain** and **build** its **strong business environment**



## HUMAN RESOURCES

NZ Inc. needs to continue to improve and build **human resources** with skills relevant to the industry

- “**New Zealand has good talent.** It is such a headache in Asia, the Pacific - and even Southern Africa - finding good staff. In New Zealand we have no problems.” *Senior Management, large foreign owned company*
- “It is **hard getting people with the right experience.** We have very few Kiwis on our executive team. Only two out of our eight executives are from New Zealand. We have people out of the UK, Australia, Malaysia... Talent is a real limiting factor for New Zealand going forward... It’s hard to get experienced salespeople... We can get funding for helping our employees with numeracy and literacy, but there is nothing for practical business skills.” *MD, mid sized, foreign owned*
- “When we have more sophisticated plants and machinery, we need staff with more skills. We need to make sure we have **people with the right skills.**” *CEO, mid sized, part foreign owned company*
- “New Zealand has **really good business marketing skills**– that seems to be more attractive – but we **need to improve our sales skills**; that is fairly poor. Especially when we are entering new markets. We don’t market New Zealand as a destination world wide to attract talent. Roles are broader in New Zealand and we need to market the benefits of the country the stand of living. We need to be attractive to get skills and talent.” *CEO, large foreign owned company*
- “In New Zealand a comparative advantage with our firms and quality engaged staff is higher levels of **product integrity.** It makes sense to have an engaged workforce.” *Industry stakeholder*

## BUSINESS FRIENDLY

### NZ Inc. needs to **maintain** and **improve** its **business friendly environment**

- “New Zealand has the advantage of being **stable** and **predictable**.” *CEO, mid sized, NZ owned*
- “New Zealand is a **good place to do business**.” *Marketing Manager, mid-sized NZ owned*
- “Being a trusted partner with a **consistent regulatory environment** that is **transparent**, with an open business climate with **low corruption** is all a must. We need to **reduce red tape** and **reduce bureaucracy**, while maintaining a taxation system that is balanced with the populations needs.” *CEO, large multinational company*
- “Most companies know that New Zealand is a **safe** and **stable** place to do business. Things won’t change overnight, like in some other markets.” *CEO, large multinational company*
- “New Zealand suggests **trustworthy, no bribery**. It’s a nice place to do business, but you need excitement in your product and innovation.” *CEO, mid sized, NZ owned*
- “When we look across to Australia and compare the business environments **one of the most attractive things in New Zealand is the labour costs**. Labour in New Zealand is 20-30% cheaper especially at the higher levels. That is also a disadvantage because quality staff leave.” *CEO, mid sized, NZ owned*
- “The **business environment** has to be **attractive** and **competitive** internationally: labour laws, labour costs, reducing tariffs. The Trans Pacific Partnership [regional free trade agreement with nine countries] will help.” *CEO, large multinational company*

## BUSINESS FRIENDLY

Multiple global surveys show NZ Inc. **leading** in international **business friendly** rankings

Corruption Perception Index (2011)

**New Zealand**

**1**

Denmark  
Finland  
Sweden  
Singapore  
Norway  
Netherlands  
Australia  
Switzerland  
Canada  
Luxembourg  
Hong Kong  
Iceland  
Germany  
Japan  
Austria  
Barbados  
United Kingdom  
Belgium  
Ireland

Investor Protection<sup>1</sup> (2011)

**New Zealand**

**1**

Singapore  
Hong Kong  
Malaysia  
United States  
Ireland  
Canada  
Israel  
Colombia  
United Kingdom  
South Africa  
Kazakhstan  
Thailand  
Mauritius  
Kyrgyz Republic  
Albania  
Saudi Arabia  
Georgia  
Japan  
Macedonia

Forbes: Best Country for Business (2011)

**New Zealand**

**2**

Canada  
Hong Kong  
Ireland  
Denmark  
Singapore  
Sweden  
Norway  
United Kingdom  
United States  
Australia  
Belgium  
Finland  
Switzerland  
Netherlands  
Estonia  
Luxembourg  
France  
Mauritius  
Israel

Ease of Doing Business (2011)

**New Zealand**

**3**

Singapore  
Hong Kong  
United States  
Denmark  
Norway  
United Kingdom  
Korea, Rep.  
Iceland  
Ireland  
Finland  
Saudi Arabia  
Canada  
Sweden  
Australia  
Georgia  
Thailand  
Malaysia  
Germany  
Japan

Economic Freedom (2011)

**New Zealand**

**4**

Hong Kong  
Singapore  
Australia  
Switzerland  
Canada  
Chile  
Mauritius  
Ireland  
United States  
Denmark  
Bahrain  
Luxembourg  
United Kingdom  
The Netherlands  
Estonia  
Finland  
Taiwan  
Macau  
Cyprus

## CONTROLLING COSTS

NZ Inc. needs to continue to **control costs** as rising input costs are a fact of life

- “The problem for our product is we buy in commodities and convert them, and the **prices are really increasing**. The price of wheat especially.” *MD, small-mid, NZ family owned*
- “With the **rising costs of inputs**, like sugar and cocoa, there had to be some restructuring of the business.” *CEO, large multinational company*
- “There are **rising costs** of water and wastewater discharge. When we want to expand the consent costs are huge. Our last expansion cost \$2m to process the application. It’s a tough time with tight margins and rising costs.” *MD, large foreign owned company*
- “We are always benchmarking. Every year we aggressively take cost out of the system. You have to just to keep your head above water.” *MD, mid sized, foreign owned*
- “Maersk Line has warned it will be raising freight rates from the end of the year, with CEO Julian Bevis confirming global shipping companies will not tolerate continuing losses. The shipping industry is not in good shape with lines recording an aggregate loss of \$7.55b in 2011 [chilled containers rising to NZ\$1,836/40 ft container].” *Taranaki Daily news article, 12 July 2012*

## EFFICIENT SUPPLY CHAIN

NZ Inc. needs to **improve supply chain efficiency**, particularly around fresh products to Asia

- “Our biggest problem is distance to market, the cost of entry and **freight costs.**” *MD, small-mid, NZ family owned*
- “Our biggest disadvantage is we are so removed from the rest of the world. The **transport costs** from New Zealand are more.” *CEO, mid NZ business*
- “Our biggest barrier is we have a fresh product that has to be **chilled.** Getting it to Asia is a **real challenge.**” *MD, small-mid, NZ family owned*
- “We have a real challenge around **clarity of requirements**, whether that is labeling requirements or manufacturing certifications required. We are told multiple stories. You don’t get something and you are held up at the border, or you spend thousands on getting certification for your factory, you then find you don’t need it. The New Zealand end is worse.” *GM Marketing, large multinational*
- “Our problem is we have a product with a **short shelf life.** By the time it travels by sea to markets its no longer fresh. The shelf life is too short. We could add additives and preservatives, but we have a strong view that we are use natural wholesome ingredients only. We have looked at options but they don’t work.” *MD, small-mid, NZ family owned*
- “We have issues in **Australia.** We have been exporting for a long time and they continue to hold up and double check all the containers. Ease of doing business trans-Tasman **could be much smoother.**” *Manager, mid sized, NZ private company*

## QUALITY SYSTEMS

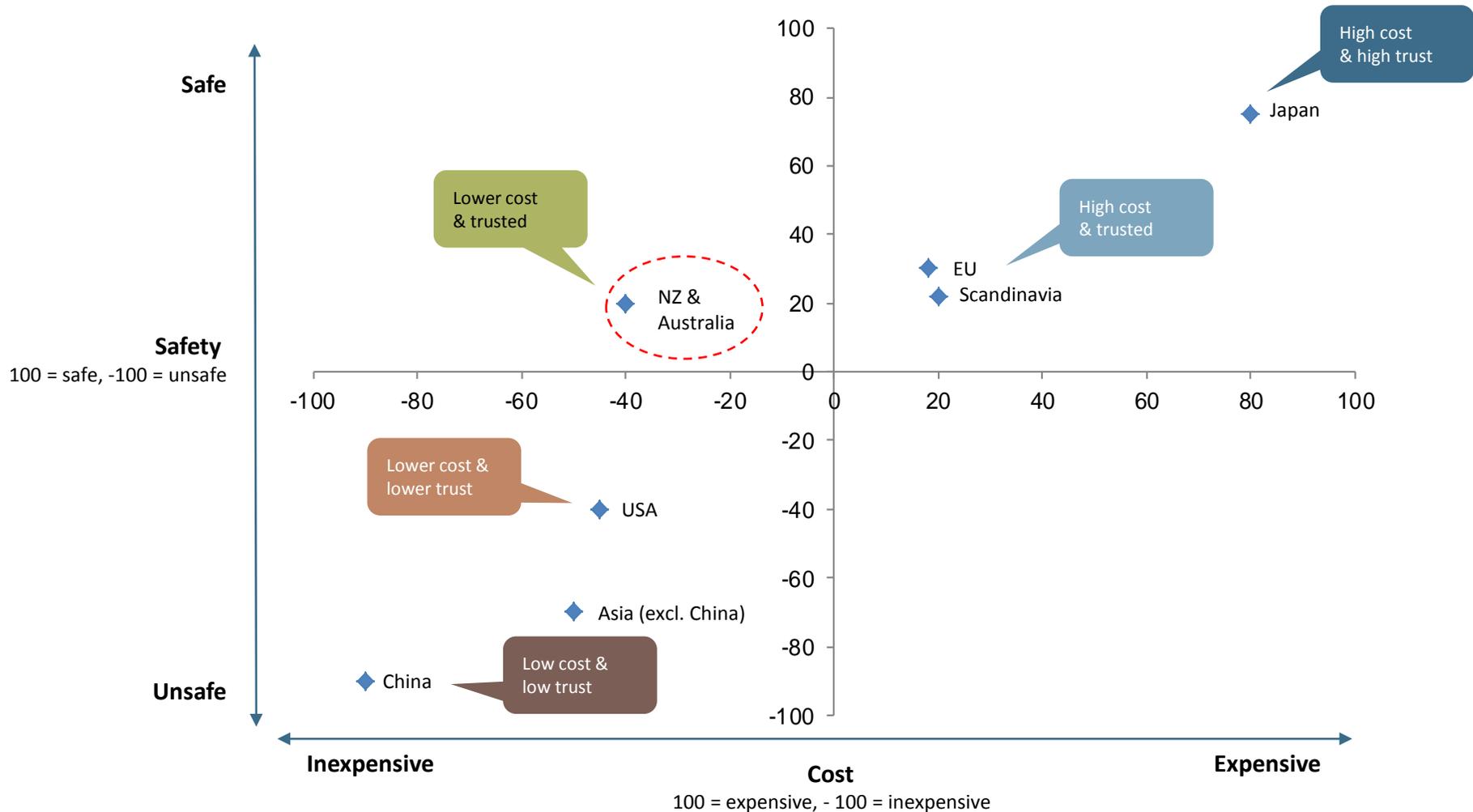
### NZ Inc. needs to maintain global consumers **trust** through strong **food safety** and **biosecurity** systems

- “NZ Inc is strong in Asia. We grow food in a remote island that is clean with safe processes in place. People **trust** us. We need to market ourselves on that basis. We can trade on that.” *CEO, large multinational company*
- “NZ is attractive. We have **strong resources** and **security of ingredients**. If we compare it to global sourcing, Asia is not secure. In New Zealand we have high quality products, strict border control.” *CEO, large multinational company*
- “**Safety is a key issue** in Asia. It is very important to Asian countries, like China. I was in China a while ago, New Zealand has a **strong position in safety**.” *CEO, mid sized, NZ owned*
- “We have a **reputation for clean food**. We have good food safety standards. There is a **halo effect**. When we turn up [in export markets], we get a good reception. People will talk to us.” *MD, mid sized, Foreign owned*
- “We need supply chain integrity and manufacturing excellence. We **trust** German and Japanese cars. We know what that **trust** means. That’s what we need with strong systems in NZ.” *CEO, mid sized, part foreign owned company*
- “Being a **trusted** partner is important, but especially in Asia. We have some strength in Asia in this area.” *CEO, mid sized, NZ owned*
- “We are **trusted across the board**. It’s **trust** the products are well made, in a decent facility, with decent, **trusted** people. This is particularly true in Asia. In China, they don’t **trust** Chinese food. But there also needs to be a cost advantage to production.” *CEO, large multinational company*
- “Food safety is **our biggest strength** and the **quality** of the products we produce. We need to get better at selling that. Food safety in some plants is 20-30 years behind the game. It’s a huge risk.” *CEO, mid sized, part foreign owned company*
- “We have a real strength as a **trusted partner**, particularly in **Asia**. In the USA they don’t care about that but in Asia it is really important.” *MD, mid sized, NZ owned*
- “We have to **maintain strong biosecurity** to protect the integrity of our food system. We can’t relax border controls we have to be really careful. We are free from many diseases at the moment, we need to keep it that way.” *CEO, large multinational company*
- “In New Zealand we have ‘**trust**’. Infant formula is flying off the shelves in China. Individuals are coming to New Zealand buying it and selling it in the grey market in China. We have quality products, quality systems, safe food manufacturing.” *CEO, large multinational company*

## TRUSTED PARTNER

Consumers in key markets – particularly Asia – trust New Zealand food and beverages, as this example from Japan shows

Japanese public image of foreign products  
(Index; 2009)



## BRAND NEW ZEALAND

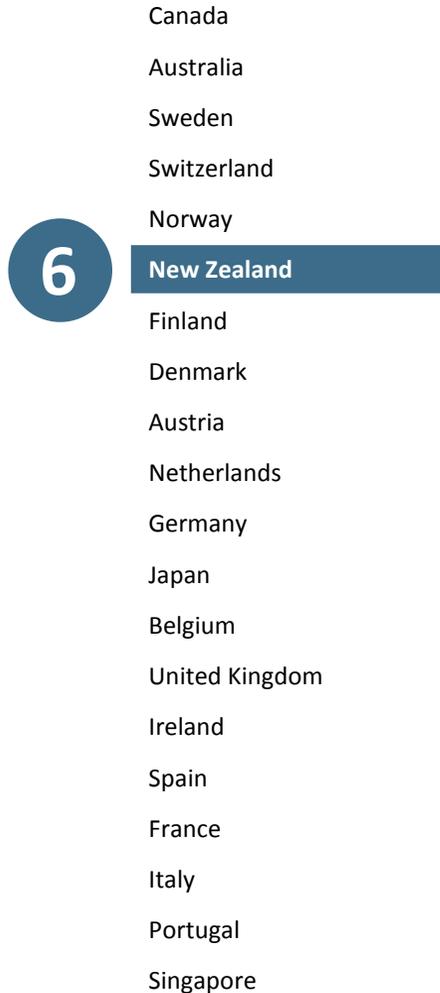
NZ Inc. needs to **protect** and **nurture** “**Brand New Zealand**”; however, value of the brand is higher in Asia than elsewhere

- “We have a **good brand image** overseas. We need to use that more. We need a **point of difference**, something we can own. New Zealand has as good reputation for **clean products** and they are in high demand.” *CEO, large multinational company*
- “In New Zealand we are all trading on **clean, green, safety**. It’s a big plus. How do we drive the whole country brand as having quality, safe products, not just individual brands? We should be able to grow ahead of the competitors, we should be leading the way in this area.” *CEO, large multinational company*
- “We all need to **work together** with other sectors – Tourism, Air New Zealand, Fonterra, etc. – all need to work together to **sell the same New Zealand story**, so we can build momentum.” *MD, large NZ owned company*
- “We need **leadership** and **hard nosed policies** to **protect** NZ’s **environment** and **image**. Sustainability is a big issue. We must think of the long term benefits to our country.” *Export Manager, large NZ owned business*
- “If you have a generic product, then yes Brand NZ is important, but that’s for commodities. With second stage, **value added** foods, **you need brands**, true brands.” *Marketing Manager, mid sized, NZ owned*
- “Gold and minerals might run out but there will always be a requirement for high quality food, especially in Asia. We have a **massive asset** and its very important to keep it clean and green, because this is the platform that we can grow from.” *Export Manager, large NZ owned business*
- “We get **some value** from New Zealand provenance. It makes a nice background story, but its **not the primary reason** you get business.” *CEO, mid sized, NZ owned*
- “In **Asia**, country of origin is **important**; but in other markets, it’s less so.” *MD, mid sized, NZ owned*
- “In the US you have to be price competitive, have a product that tastes great and have additional functional and nutritional benefits. They don’t care about it being from New Zealand.” *MD, mid sized, NZ owned*

## BRAND NEW ZEALAND

### Global benchmarking shows **high value** in “Brand New Zealand”

Reputation Institute rank of the top 20 most reputable countries  
*Survey of 36,000 people in G8 countries; 2012*



FutureBrand top 20 Country Brand Index global brand perceptions  
*Survey of 3,600 opinion formers in 18 countries; 2012*



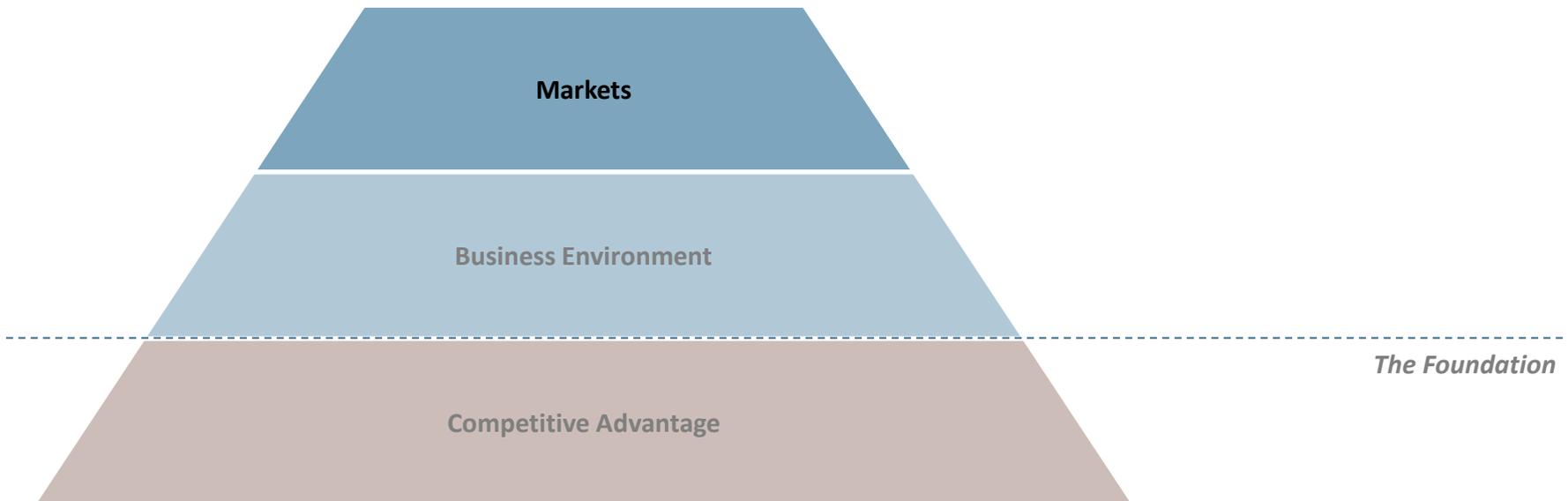
## POINT-OF-DIFFERENCE: BUILD OWN BRANDS

It's important to recognise that Brand New Zealand **isn't a magic bullet**; success requires a **point of difference** wrapped in a strong brands

- "With processed foods, you have to really **push your brand.**" *MD, small-mid, NZ family owned*
- "We don't have a problem with production, we have a problem with marketing and growing in-market capabilities. Fonterra does a great job producing and selling milk powder, but what about infant formula? How do we get our foot in the door and get them to sell our product? What's different about our cereal, our chocolate, our vegetables? **We need a point of difference**, and we need to market that difference." *CEO, large multinational company*
- "You need **something different** to sell and compete. What can we market and own? French Alps equal water; Swiss equals cheese. There is a **point of difference.**" *CEO, large multinational company*
- "If you have a **brand**, you have **strength on the shelf.** You can **protect** your space and you can develop a **premium** and a margin." *Marketing Manager, mid-sized NZ owned*
- "We are mainly interesting in **developing** and **growing our own brands**, not the retailers. We want to be in that upmarket premium space." *MD, small-mid, NZ family owned*
- "We have a new strategy to **develop and market a single brand.** We have created a new staff position and we are really going to push the brand in new markets." *Manager, mid sized, NZ owned*
- "Probably 80% of the exports in our market are private label. This is because of the cost of distribution, the cost of developing the market. It's hard work. Private label has much lower barriers to entry." *MD, mid sized, NZ owned*
- "There is a global trend to private label. It's going to play a bigger role going forward. We have a branded core [in NZ], but we are growing in Australia through private label." *CEO, mid sized, Foreign owned*

## DRIVER OF GROWTH – 3 – MARKETS

NZ Inc. needs to **build** and **develop** both **existing** and **new** markets



## SMALL DOMESTIC MARKET

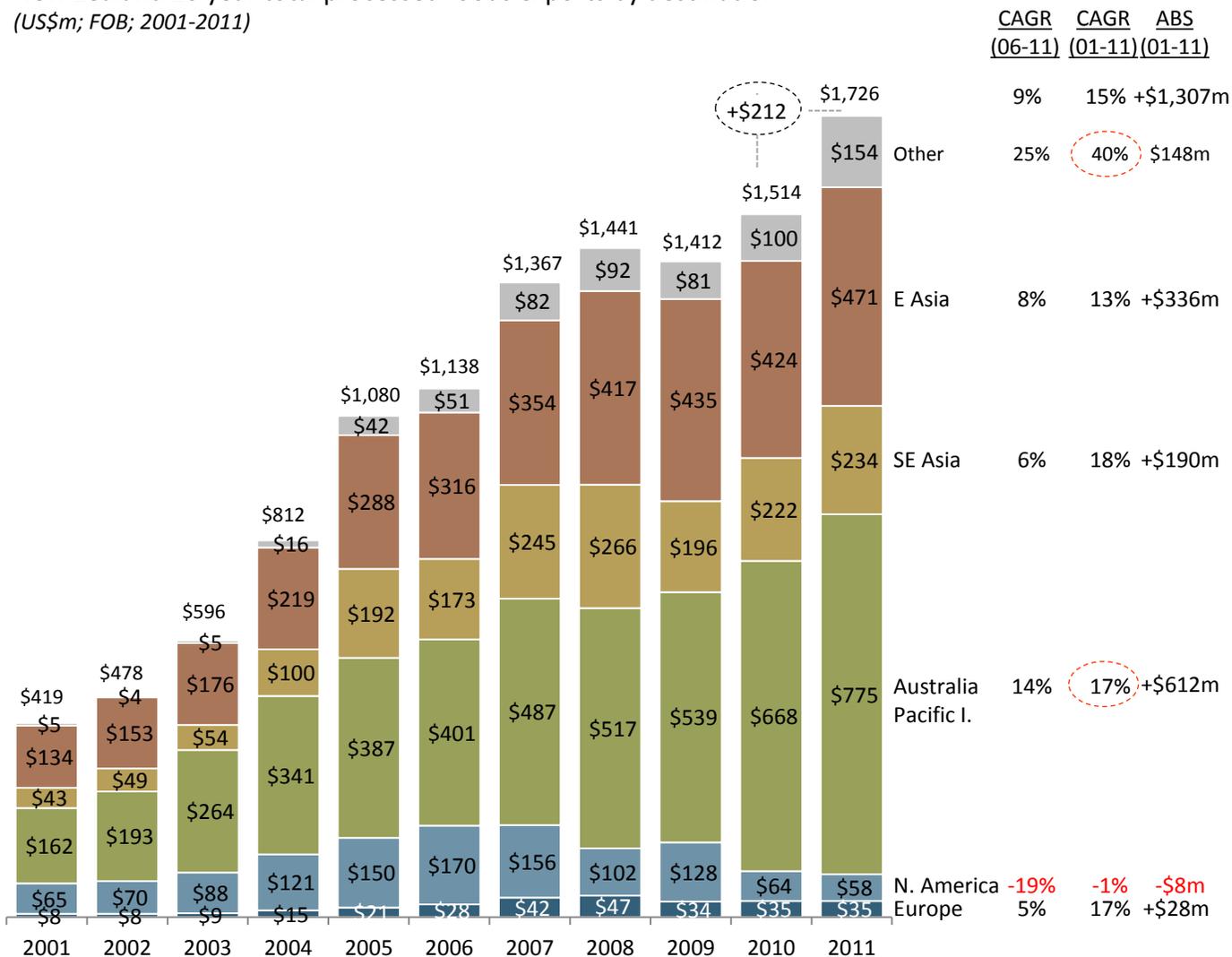
New Zealand has a **small domestic market**, limiting the scale businesses can achieve locally

- “Our biggest problem is scale. We have **saturated New Zealand.**”  
*MD, mid sized, NZ owned*
- “We have **reached our threshold in New Zealand.** We really can’t sell much more of our premium product. If we put a new item in store we have to take one out.” *MD, small-mid, NZ family owned*
- “You **can only grow so far in New Zealand** - then you have to move offshore - especially if you have a niche product.” *Owner, mid sized, NZ owned*
- “A **big challenge is the size of the NZ domestic market.** To grow, we need to export and off a small base that is a real challenge.”  
*CEO, large part NZ owned company*
- “We are **only four million people.** Someone was saying the other day that there are over fifty cities in China with more population than New Zealand.” *MD, mid sized, Foreign owned*
- “The **biggest barrier** in New Zealand is the **small domestic market.** When you have a large domestic market, you can introduce a new product, target a domestic segment of the market, launch, get scale; then if it works roll it out to new markets. Our problem is we are a small market at the bottom of the world. We have to go offshore with our new products and find a new market. This is expensive, complex and time consuming. If you have no scale at home and no cash flow, this is very difficult. If you have a \$50-\$60m business, you have the scale to hire people to go into the market, meet distributors and get the business.” *CEO, large multinational company*
- “New Zealand is a **great place to start a business**, but it is **hard to expand.** You grow in steps and it’s hard to afford to take the next step. To make a big leap means a big change, but at the moment we are in a catch 22.” *MD, mid sized, NZ owned*
- “Economies of scale is the problem. If exporting is a small part of your business and each market needs its own formulation and marketing its very risky and very expensive.” *GM Marketing, large multinational company*

# PROCESSED FOODS EXPORTS ARE GROWING

NZ Inc. is achieving **strong growth** in processed foods exports to **Australia and Asia**

New Zealand 10 year total processed foods exports by destination  
(US\$m; FOB; 2001-2011)



## Comments/Notes

- In 2011 Asia was US\$705m (41%) of New Zealand's total processed foods export trade. Trade to E/SE Asia has increased by over half a billion in the last 10 years.
- "Other" is primarily infant formula to Africa (particularly Nigeria) under code 190190; US\$83m in 2011 (?)

## Notes/Definitions

- See Appendix for full definitions

## AUSTRALIA – FIRST STOP

Australia is most companies **first step** into exporting...

- “The main reason that we export most processed foods to Australia is that **most Australians eat similar food to us**. We have grown up with the same foods. We eat cereal for breakfast, snack on muesli bars, use similar soup flavours, sauces, and jams. Asian’s don’t.” *CEO, mid sized, NZ owned*
- “New Zealand and **Australia** have **common foods** so it’s easy. Even Japan has quite a western diet now. But other parts of Asia are more difficult. In our categories, they can make most products cheaper in other places.” *MD, mid sized, NZ owned*
- “**Australia** is **obviously** our **next key market**. How can we leverage that market harder.” *CEO, large multinational company*
- “**Australia** and the UK have the **same taste** in [product] as us.” *MD, mid sized, Foreign owned*
- “**It’s easy in Australia** - you pay Woolworths and Coles - and you send your product to their central warehouse. There are few field staff.”
- “We are **moving into Australia** – but it is risky to expand beyond Australia – and it takes so much resource.” *MD, mid sized, NZ owned*
- “**Our second market after New Zealand is Australia.**” *CEO, mid sized, NZ owned*

## AUSTRALIA – NOT EASY

... but **Australia is not an easy market** in which to make money

- “We don’t really want to sell more into Australia there is **no margin** there.” *MD, small-mid, NZ family owned*
- “Australia is a **hard market, difficult to make money**. So that’s why we are now looking to Asia, but it’s harder, so fragmented.” *CEO, mid sized, NZ owned*
- “Australia is a real barrier to our growth. **The duopoly makes it hard**. Its **difficult to get in** and then stay in. They just gouge money out of us. It’s a real battle.” *Marketing Manager, mid-sized NZ owned*
- “**Margins are not big enough in Australia**. They just aren't there. Our only exports to Australia are private label and we try and keep that to a minimum. We are about driving our brand.” *MD, small-mid, NZ family owned*
- “The **industry architecture** in Australia **makes it difficult** - the duopoly, the multi-channel domination. Most #2 firms over there are struggling, the market is slowing. We at least have a strong base in New Zealand.” *MD, mid sized, Foreign owned*
- “In **Australia**, the **challenge** is around **margin**. Its more driven by the customer. With the growth in private label, brands are discounting more and more to get a part of a shrinking pie.” *MD, mid sized, NZ owned*
- “**Australia is a very tough market**. With **the duopoly** in retail with Coles and Woolworths. It is **very hard to make money** in Australia. There is high spend. Even though we have good share in our category, we aren't making money out of it. Australians have decided they have terminal influenza and aren't spending, they are nervous.” *CEO, mid sized, NZ owned*
- “There are high costs with dealing with retailers. Every year they are trying to lift profits by using suppliers. They keep increasing the terms 1-2% . You can go backwards very easily in retail. In Asia they also have huge listing fees.” *GM Marketing, large multinational*

## ASIA FOR GROWTH

### Many exporters are **looking toward Asia** for growth

- “I strongly believe that **New Zealand can be the food bowl of Asia**. It should definitely be part of the strategy of our country, and it must be processed food.” *CEO, mid sized, NZ owned*
- “**Asia is growing rapidly** for us off a **small base**. We are in the **early stages** of growth.” *MD, mid sized, Foreign owned*
- “Now we have increased our production, we are **really keen to start exporting to South East Asia**. We need to start assessing which countries will be best for us. We are currently exporting 20%. We want to extend that to 80%.” *MD, small sized NZ beverage company*
- “You **find a sweet spot**, you **go to China** and you **sell your product** as both premium and unique.” *CEO, mid sized, NZ owned*
- “Asia can work but it has to be **premium priced** and **niche**. We can use our current range and be niche. Niche in Indonesia is bigger than our entire NZ market.” *GM Marketing, large multinational*
- “If you have the **right product** and get a **premium, China is a great market**. Its easy to get dairy into China compared to the USA. The Chinese are so entrepreneurial; if they see a good product, they will bend over backwards. We make huge premiums in China and other Asian countries, because we are the only ones who make the product. They have to come to us. So we dictate who we use.” *CEO, mid sized NZ owned*
- “We are **enthusiastic** and we are **making progress**. We just have to **keep building relationships and trust**. We relocated a Taiwanese lady that has helped us understand the market. We are enthusiastic, but **realistic about the time horizon**.” *CEO, mid sized, NZ owned*
- “We only supply a bit of private label and we get the same price. You can send several 40 foot containers and they just disappear, China is so large. We have exclusive distributors and they pay the same price [for private label as branded] and get to market their own brand.” *MD, mid-sized, NZ owned*

## ASIA – NOT EASY

Entering **Asian markets** is **not easy** and requires a lot of time and resources

- **“Asia is a long way away.** Freight is expensive, and timing is hard. Our boats leave weekly. In Europe, their boats leave daily.” *CEO, mid sized, NZ owned*
- **“Putting resource into developing a new market in Asia is beyond the capabilities and financial abilities** of most New Zealand small to mid businesses. You need deep pockets to make it work.” *CEO, mid sized, NZ owned*
- **“Processed foods in Asia are a longer term play.** We need to **develop the market from a low base.** Its not just growing the market, it’s a market development exercise. It will happen, we just need to **learn the ropes, ride the growth curve and not overinvest.**” *CEO, mid sized, NZ*
- **“Exporting is a big distraction and it takes a long time.** It takes time to work through the supply chain from distributors to retailers to customers. Finding the right distributor to get you to the right market, developing relationships and gaining trust along the way. We have hunted around in Asia and there are no short term, quick and easy wins. Yes there is potential, and yes we are very active in looking, but it is not going to be easy. It is **a very long term investment.** We are working on a **five year horizon to start making money.**” *CEO, mid sized, NZ owned*
- **“Cracking the retail market is the key.** Companies that have a foothold do well.” *MD, small-mid, NZ family owned*
- **“Like any business you go after the low hanging fruit.** We’re just playing around so far. We recognise that at some point we are going to have to **bite the bullet and invest** something like **\$10m** - put it in a bucket - and **do it properly.** Market research, product development, branding, the lot.” *MD, mid sized, Foreign owned*
- **“In Japan you can get a good price, but there is a very high expectation of quality.** It takes a **very long time to build relationships.**” *CEO, large multinational company*
- **“Entering new markets is all about making networks and connections.** You have to be able to do that well. Managing a global brand is difficult. You need to tailor your message to your markets.” *CEO, small-mid NZ owned Co*
- **“In Singapore they appoint a consolidator, who comes to New Zealand and sources product to ship over. But you need scale to make that happen. It is possible to over invest.”** *CEO, mid sized, NZ owned*
- **“It’s hard in some markets** like Taiwan with high duties. 30% duty is hard, but we have made some recent engagements.” *CEO, mid sized, NZ owned*
- **“China has difficult and very complex regulations.** There are many hurdles in the way. No one can give you a straight answer either. It’s hard to break in and make money.” *GM Marketing, large multinational*

## GOOD DISTRIBUTORS ARE KEY

### Finding good distributors is essential for growing in export markets

- “The biggest problem that we face is getting access to the market, getting a foothold in the market. **You need a strong distributor** and help identifying those people. **It takes time** to develop those markets. **You meet the wrong people, you make mistakes.**” *Marketing Manager, mid-sized, NZ owned*
- “It is vital to **get a local partner** who are **established in the market**. They have the know-how, they know how the system works. They have the contacts and the capabilities. They know the retailers and the customers.” *CEO, large multinational company*
- “In China, there are **huge distribution selection issues**. The distribution and retail market is very fragmented. It is hard to know the right Go-to-Market strategy in Asia.” *CEO, mid sized, NZ owned*
- “Finding a **good distributor is the key** to unlocking the market. Its such a fraught process. It is good to work with other non-competing New Zealanders to find a good partner.” *GM Marketing, large multinational*
- “There are **few, if any national distributors in China** in Foodservice or retail. **You have to go to each market** - Shanghai, Beijing, Shenzhen, Hong Kong - and **find the best distributor.**” *MD, mid sized, NZ owned*
- “You need to find a cost effective method to grow that works. Scale is the issue. When your business is small it limits your growth. You are **too small for distributors or retailers to get excited**, or even bother stocking you.” *CEO, mid sized, NZ owned*
- “The **real value** of your product has to **move through the supply chain to the end users**. Just getting the **confidence** of the distributor takes one to two years. Then they will introduce you to the right market.” *CEO, mid sized, NZ owned*
- “**It’s easy to fizzle out**. Distributors everywhere but you are 0.4%, number 25 in the category. You are constantly being deleted. You have poor margins and no profitability.” *MD, mid sized, Foreign owned*
- “**It’s a catch 22**. You get a **small distributor** and they **focus** on your products, but they **don’t have the distribution or enough contacts**. But you go with a **big national distributor** and **you get lost**. In the US you have to go with a distributor, but that relationship and contact is hard to establish. We are too small for many distributors.” *MD, small-mid, NZ family owned*

## DISTRIBUTORS NEED MANAGEMENT

Good operators **stay on top** of their **distributors** and **manage their performance**

- “The **quality of your distributor is important**. They talk a lot of bulls\*\*t. We check out their premises and get endorsements. I make them all show me their marketing plans, showing me how they plan to grow sales, and compare them against each other. We judge them against retail penetration, presence, consumer engagement. We do daily price checks and make sure they are not dropping prices. There is no more business on a handshake. We are disciplined. We have to be careful because there are 500 websites selling our products. Some look like they are masquerading as our distributors.” *MD, mid sized, NZ owned*
- “**Our business does better when I am in the market**. Whenever I visit the sales increase. They need a reminder sometimes.” *MD, small-mid, NZ family owned*

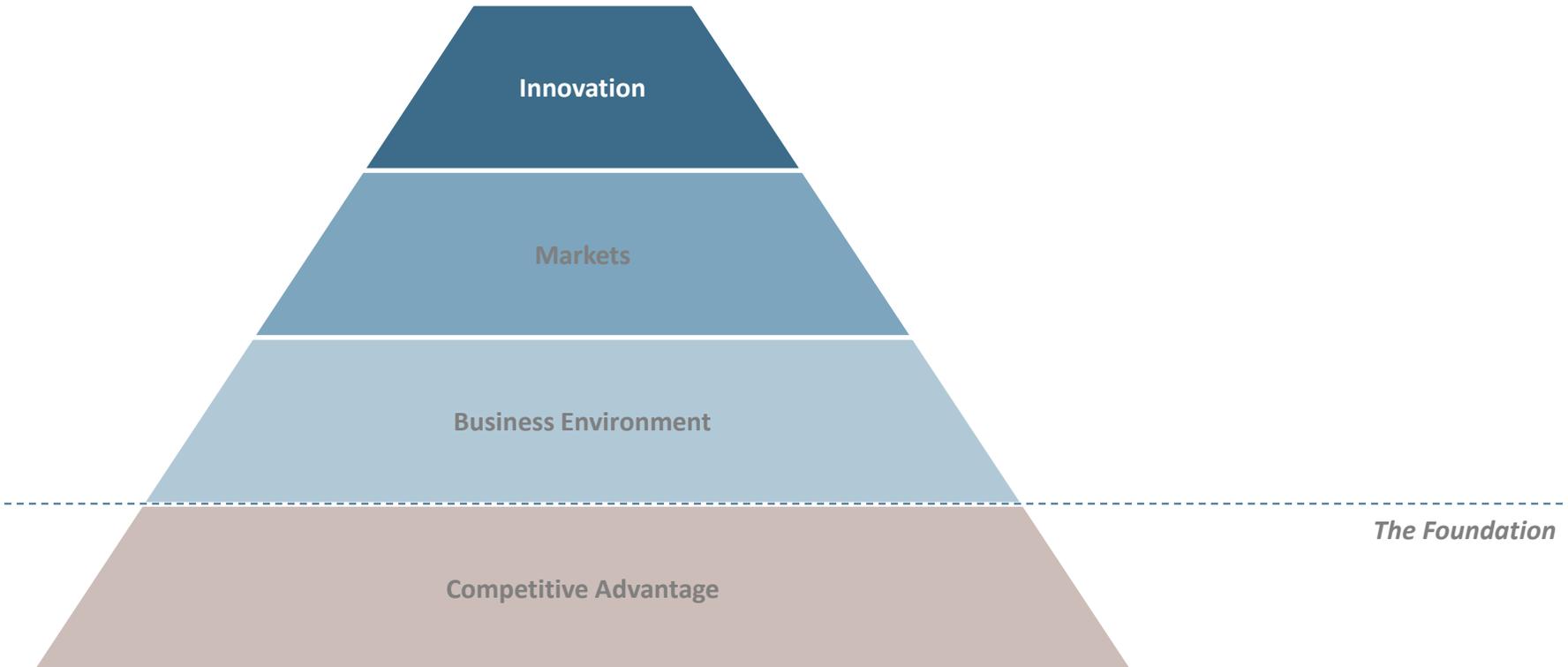
## MULTATIONALS ACCESS THEIR NETWORK

### Multinationals have the benefit of being able to access their global network

- “We are **well established in Japan**, so from there it makes sense to go to South Korea or Hong Kong. Places that are similar. We can utilise our affiliate companies capabilities and know how.”  
*CEO, large multinational company*
- “**We don’t have to worry** about any of the marketing or branding, **our affiliate and sister companies in Asia do that for us**. They have the capability and the know-how in the markets. We just have to provide the product. That makes it a lot easier.” *CEO, large foreign owned company*
- “**We are lucky** when we move into a new market, we have our parent company who has already been in the market and have the contacts and the in-market branding and sales capabilities. We piggy back on them.” *CEO, large multinational company*
- “Our partnership is really successful. We have a Chinese partner who was really keen to be part of a New Zealand company. **Having our in-market partner means they have access to all the markets** and they have all the branding, marketing and distribution capabilities. Our job is to try and keep the maximum amount of value in New Zealand.” *CEO, mid sized, part owned NZ*

## DRIVER OF GROWTH – 4 – INNOVATION

NZ Inc. needs to continue to **develop** innovative **new products**



## SUCCESS THROUGH PREMIUM, INNOVATION & NICHE

### Successful firms are driving growth through **premium, innovative, niche products**

- “Your product has to be **unique**. It has to **offer some excitement**. It has to **stand out**.” *MD, mid sized, NZ owned*
- “Processed Foods needs a **point of difference, a unique selling proposition**. This will be different industry by industry, company by company. But it can be based around NZ Inc. If you have cereal you are wanting to sell into Asia, what is your point of difference compared with Kellogg's or Nestle?” *CEO, large multinational company*
- “We buy milk powder at \$4.05 a kilo and sell it at an equivalent of \$16-\$18/kilo. It's premium.” *MD, mid sized, NZ owned*
- “**Don't fight on the big battlefield**. We need **guerilla tactics** and to **fight in areas where the big players don't play**, like gluten free infant formula, hyper-allergenic products. Keep the products niche and high value.” *CEO, large part-NZ owned company*
- “There is a **lot of innovation on New Zealand shelves**, especially compared with Australia. There is the opportunity to get your product into a PAKnSAVE or New World and then expand from there. The challenge comes when you then want to get outside of New Zealand.” *CEO, mid sized, NZ owned*
- “We are the only one with this product and the Chinese love it, it's a real niche.” *MD, mid sized, NZ owned*
- “You need scale or to be **niche and premium**. Scale is the only way to get cost advantage.” *CEO, large multinational company*
- “Being small with no scale is a disadvantage, but also an advantage. We are **able to be flexible with short runs and tailor-made items** and solutions for specific customers. Big companies can't do that.” *CEO, mid sized, NZ owned*
- “We **specialise in short run solutions**. We are **small and flexible** compared to the competition.” *CEO mid sized, NZ owned*
- “**We are selling New Zealand products too cheap**. If it's too cheap in Asia they think it is fake... I keep raising the prices and my sales keep growing. The more expensive it is the better it is. They [Asian consumers] think it must be the real stuff.” *Export Manager, large NZ owned business*
- “We **need innovation across all our categories bulk and finished** products. We need to focus on the customer and what they want from the product. For example, a UHT cream with extra whipping capability increases the volume of the product. This is a great product for the end user.” *Manager, large NZ owned company*
- “It's all about **being innovative with new products**. There is no point being a “me-too”. You **need to lead the way**. But that is hard because you need to educate people about new products as you go.” *MD, small-mid, NZ family owned*

## INNOVATIVE PRODUCTS

NZ Inc. has **capabilities** in **new product development** and **innovation**

**EXAMPLES:** Innovative food & beverage products developed in New Zealand  
2012



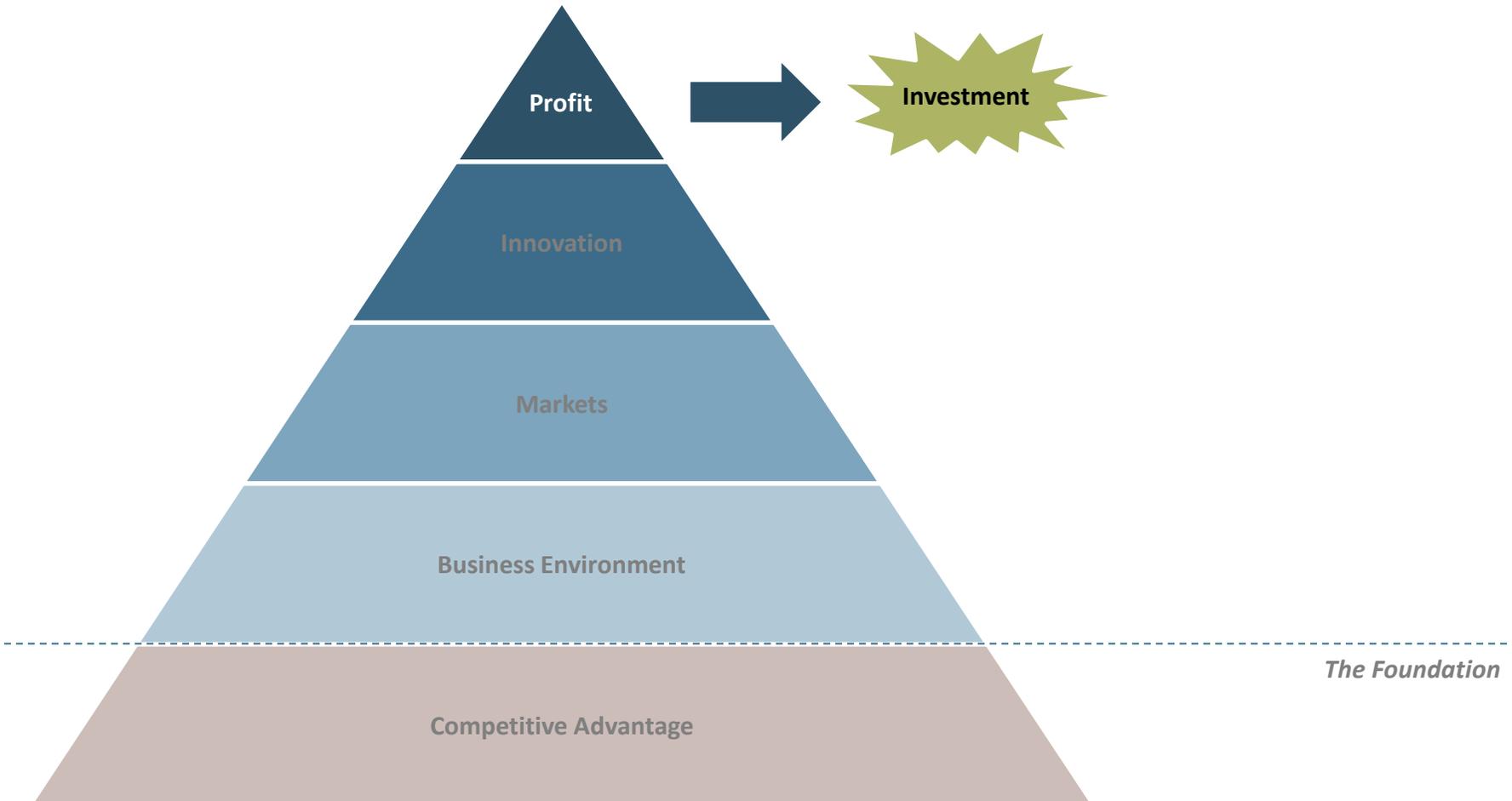
## TARGETING ASIA

### Innovation targeting Asia is particularly difficult

- “**You can’t just take your cereal or ice cream and expect it to work in Asia.** They don’t eat the same products or the same ways as us. You will fail. It’s a good strategy to partner with a western chain or franchise, like Yum!, and supply ingredients.” *CEO, large multinational company*
- “You need to understand [Asian consumer’s] needs and invest time and money. You need to **re-engineer production.** You need to **develop new products** and **new labels.** You need to **develop new communications.**” *CEO, mid sized, NZ owned*
- “It’s a very different market. They like **smaller containers, brighter colours.** They use our product very differently. It’s not an every day item like in Western countries.” *CEO, mid sized, NZ owned*
- “**Over time Asian tastes are changing,** as they adopt more western foods and ways, **but it takes time...** It is hard to change the diet of Asia, but the market is currently too small for us to do specific runs.” *CEO, mid sized, NZ*
- “You have to work out **where you want to play,** where you want **to invest.** You go after the low hanging fruit. Then as stage II you do the easy adaptations of flavour – strawberry or chocolate. After that you do the hard stuff – new Asian products and flavours.” *MD, mid sized, Foreign owned*
- “The biggest issue with Asia for us is **Asians don’t tend to eat breakfast cereal.** The taste, the expenditure, the expectation - it’s hard to get that right in a culture that is used to paying a few cents for breakfast. It’s hard to entice them away from that. You might get a few brands in western supermarkets, but it’s not the average people on the streets. But the market is developing, and western food and nutrition is trickling through. And there is certainly the spending power.” *MD, mid sized, NZ owned*

## DRIVER OF GROWTH – 5 – PROFIT & INVESTMENT

Ultimately, NZ Inc. needs to make **solid profits** to **finance investment in growth**



## PROFIT DRIVES INVESTMENT

### Profit drives investment; investment drives growth

- “We have plenty of new ideas, and there is plenty of opportunity for growth, but **so much business is not profitable**. Like private label, there is no margin in it for us.” *MD, small-mid, NZ family owned*
- “Our biggest barrier to exporting is resource. Our **local markets have such tight margins. It doesn't leave much cash left for developing new markets. It's hard to fund.**” *MD, mid sized, NZ owned*
- “It's like anything, **you have to invest money to grow.**” *MD, mid sized, Foreign owned*
- “**More value-added doesn't always mean more profit for our business.** There are higher costs with value added - higher costs of manufacturing, packaging, marketing, IP, processing. **We have to keep investing to stay on top.**” *CEO, large multinational company*
- “**Every decision is based on a business case.** Most things occur where it's cheapest.” *CEO, mid sized, NZ owned*
- “It's all about conversion costs. **If your costs are low** with production or labour, **then there will be additional investment.** We have brought production to New Zealand because it could be done cheaper here. New Zealand has strength in growing some core products.” *CEO, large multinational company*
- “Making a business **and investment decision** is based on whether **the investment makes commercial sense.** New Zealand is definitely a consideration, with a good transparent business environment and an educated population, but against that is proximity to market. The cost of shipping the product, packaging, air. We need to cut cost out of the system. This is a hurdle.” *CEO, large multinational company*
- “As a company, **we have a lot of battles.** We have to focus on a few we want to win at and place big bets. We choose the products **where we have the advantage over our competition.** We look at trends, future opportunities and **we overinvest** in resources in that area to really gain the advantage.” *CEO, large multinational company*



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# PROCESSED FOODS – NZ MID-SIZE FIRMS

NZ Inc. has a **strong group of mid-sized processed food manufacturers** and exporters; this group needs to continue to succeed and invest

Not a complete list

Identified mid-sized New Zealand processed foods exporters whose manufacturing & operations are primarily or exclusively in the country  
2012

New Zealand resident with local ownership

New Zealand resident with partial/total foreign investment



## MULTATIONALS MANUFACTURING IN NEW ZEALAND

NZ Inc. has also **attracted investment** from a **wide range of F&B multinationals**; this group also needs to continue to succeed and invest

Select global food & beverage firms with manufacturing in New Zealand

2012

### Asia



### Australia



### South America



### Europe



### North America





## MULTINATIONAL INVESTMENT

### Further investment by multinationals brings rewards and risks

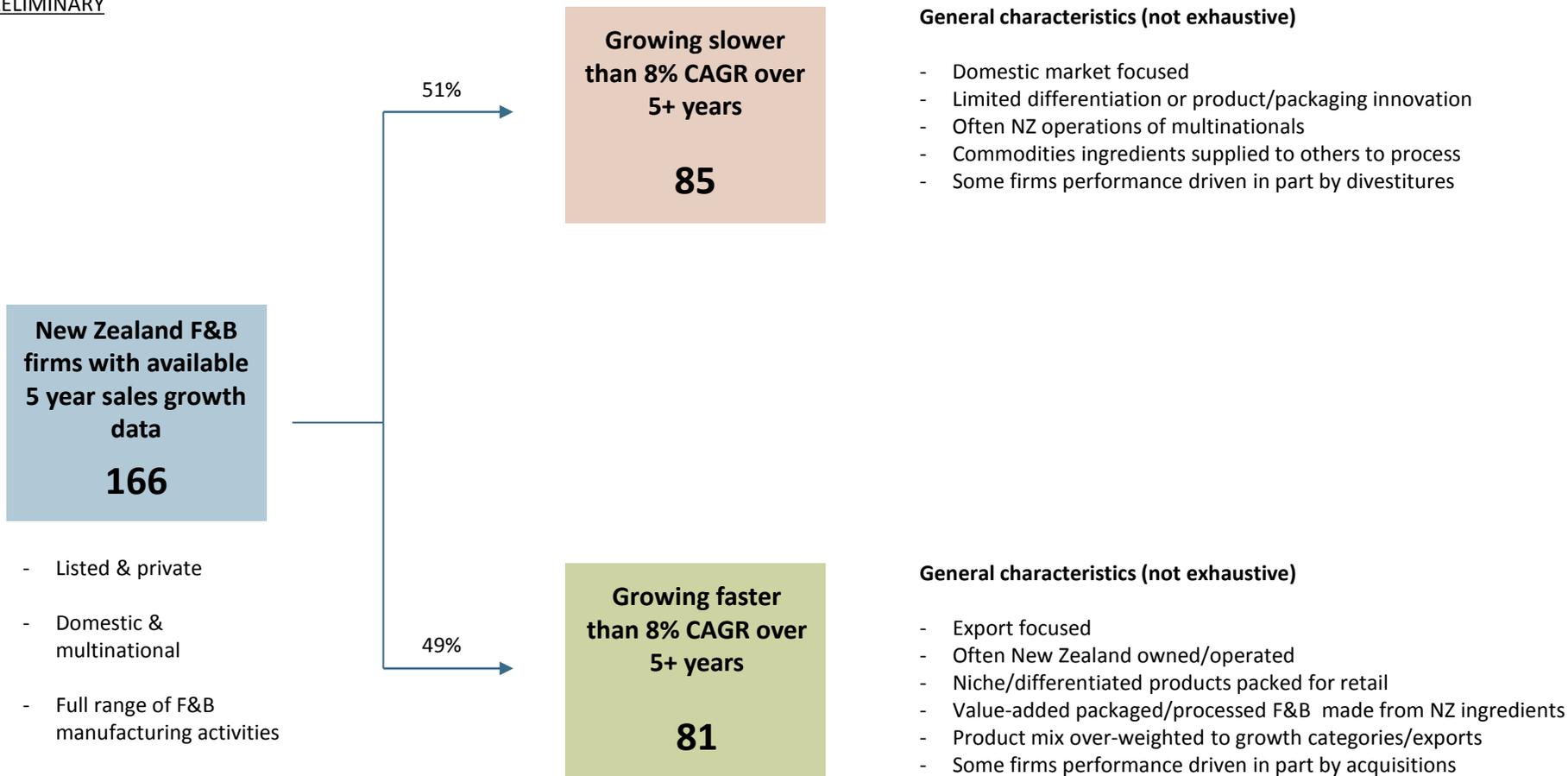
- “To be attractive to others we either need to **anchor them** to an ingredient, have high quality products and safe ingredients.” *CEO, mid sized, NZ owned*
- “With external investment from large companies you get **capability, investment** and **expertise**. Companies can’t always grow organically. A partnership can **unleash** NZ companies. We are still seen as a local company. In some industries you need the foreign companies to **leverage into new markets**.” *CEO, large multinational company*
- “Besides Fonterra, in most of the foods sectors, most large businesses are multinational corporations. For food and beverages to really grow we rely on foreign owned companies. But it’s a risk. We once had Cadbury making all sorts of confectionery and chocolates in New Zealand but now only the specialty chocolates are made here. As easily as companies come **they can go**. It’s a risk - look at Unilever **downsizing** and Colgate leaving.” *CEO, mid sized, NZ owned*
- “Competition is good for everyone... The challenge is the New Zealand market isn’t big enough for **too many players**... New investment has to be focused on export.” *MD, mid sized, Foreign owned*

## NZ F&B FIRM LEVEL 5 YEAR GROWTH ANALYSIS

Large pool (166) of NZ F&B firms analysed; almost **half** (49%) have **grown faster than 8% CAGR** over last 5 years; key characteristics of fast growers include: **export focused, value-added packaged, leveraging NZ ingredients**

Coriolis analysis of five year sales growth CAGR of 166 NZ F&B firms by two growth rate categories (slower or faster than target)  
 (# of firms sorted by CAGR; last 5 years or as available)

### PRELIMINARY



Note: Total is food & beverage firms with turnover NZ\$5m+, not just processed foods

## CAN WE DOUBLE BY 2025?

### Most interviewees believed we could double or triple F&B exports by 2025

- **“We have still have huge potential for growth.** We can grow three or five times as big. We just need to keep focusing where we need to – new products, new markets... In Asia, we’re in the early stages of the conversion from Asian foods to Western foods. China and now India are eating more Western foods. It’s going to go on for a long time and we can do well even if we only get a little bit of it.” *MD, mid sized, foreign owned*
- **“Sure we can double, but its not going to be doing the same things we are doing now. We need to move into more branded products.”** *Export Manager, large NZ owned company*
- **“That seems realistic, but we must be clear and identify what will make the real difference.”** *GM, large multinational*
- **“We need brand investment.** That is the solution.” *Marketing Manager, mid-sized NZ owned company*
- **“We need to grab more value** along in the value chain and keep it in New Zealand. We can easily double.” *CEO mid-sized part owned NZ company*
- **“Growth has to come out of food.** We have such a strong base in New Zealand.” *CEO, large multinational*
- **“It’s a big jump.** Our company is very reliant on a few small sectors at the moment. We need to look at our opportunities.” *GM Marketing, large multinational*
- **“We can grow, we just have to get through to the consumer and create the demand. There is a huge opportunity for us.”** *MD, mid-sized family owned*
- **“This is a real challenge** for us. There is a lot of risk involved. More growth doesn’t mean more profit.” *CEO, large multinational*
- **“We don’t have the expectation** that we can do that much better.” *MD, mid-sized multinational*

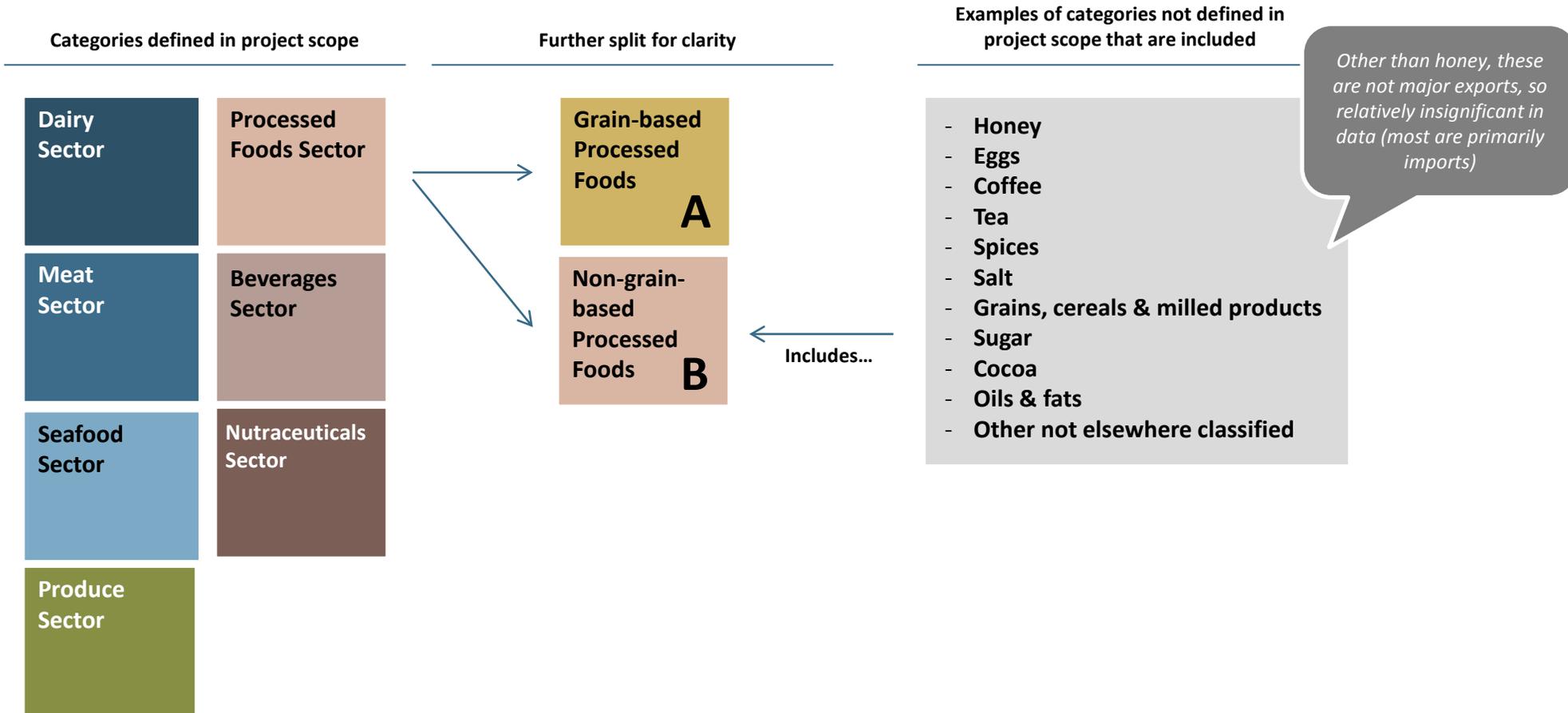


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## RELATIONSHIP WITH OTHER SECTORS

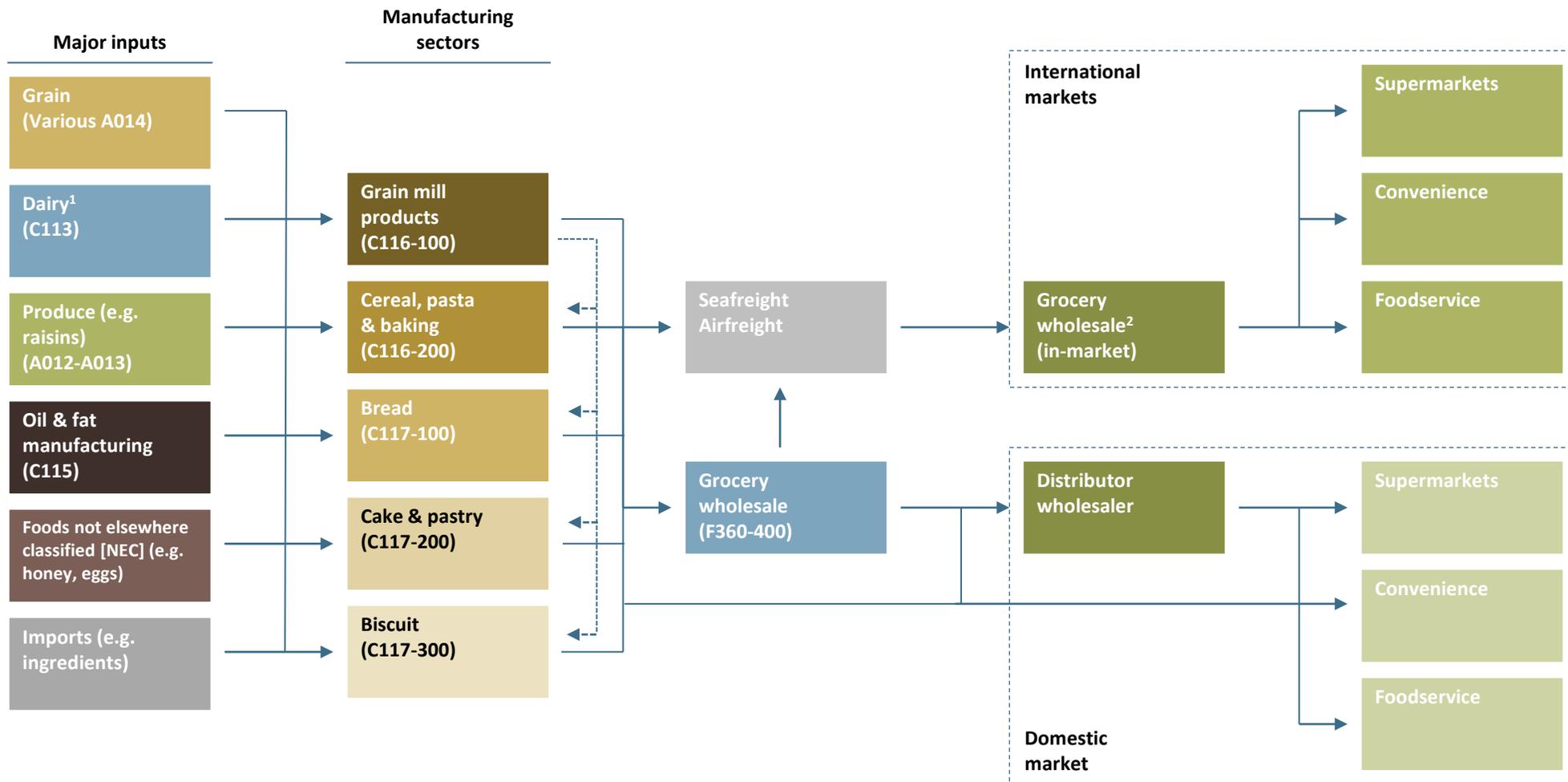
Unlike the rest of the document, this appendix analyses the total processed foods sector in New Zealand, including domestic and export focused sectors. This section further splits processed foods into “grain-based” and “all other”; it also captures a relatively minor amount of other food not included elsewhere in the Food & Beverage Information Project reports



## A. GRAIN BASED – SUPPLY CHAIN

New Zealand grain based processed foods use a range of ingredients (including, obviously, grain)

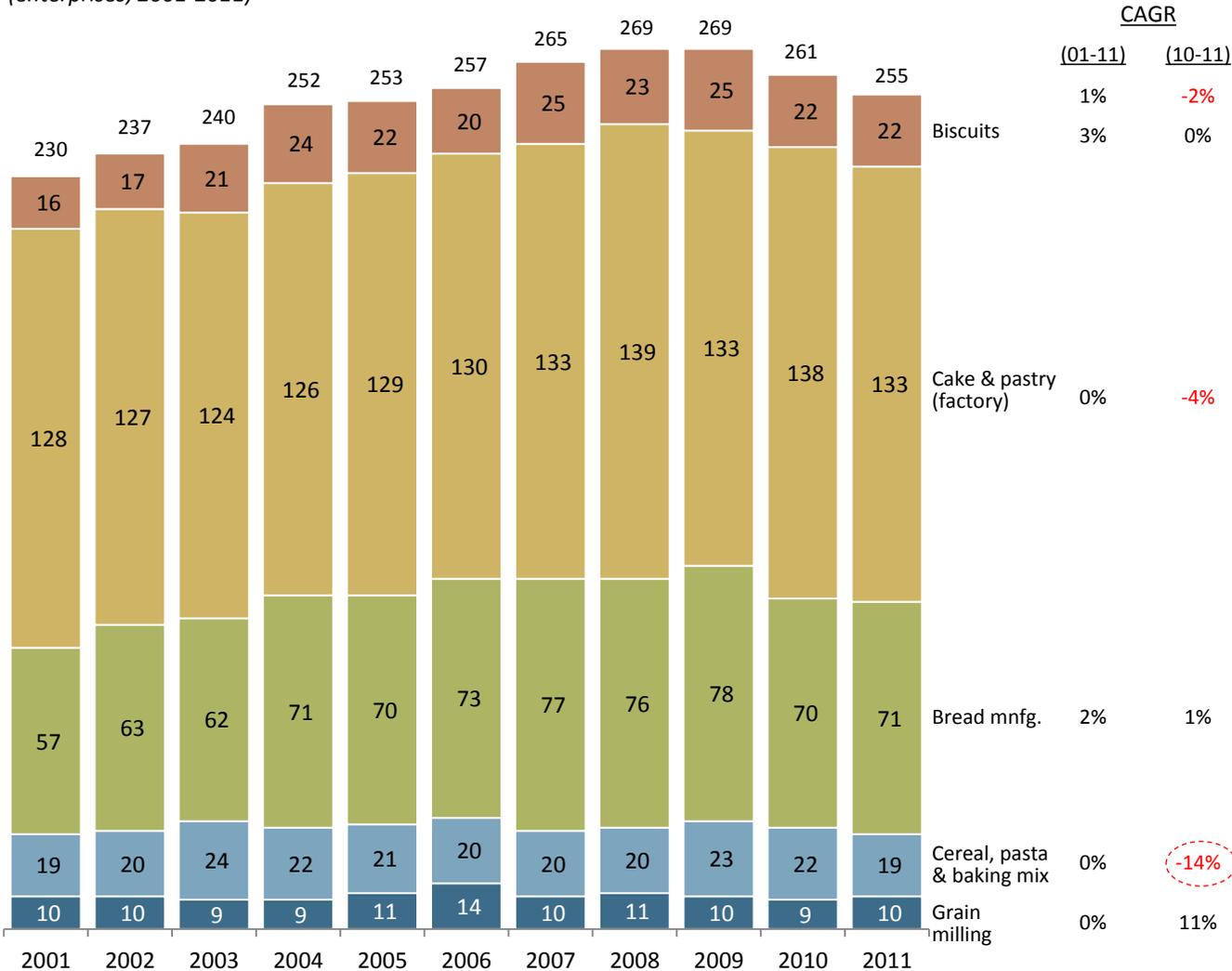
Simplified model of New Zealand grain-based processed foods supply chain  
(model; ANZSIC codes as available)



## A. GRAIN BASED – # OF ENTERPRISES

The number of enterprises involved in grain-based processed foods sector was increasing slowly; however there has been a reduction since 2010

Number of enterprise units in the grain-based processed foods industry in New Zealand  
(enterprises; 2001-2011)



### Comments

- Current hypothesis is a GFC-related consolidation

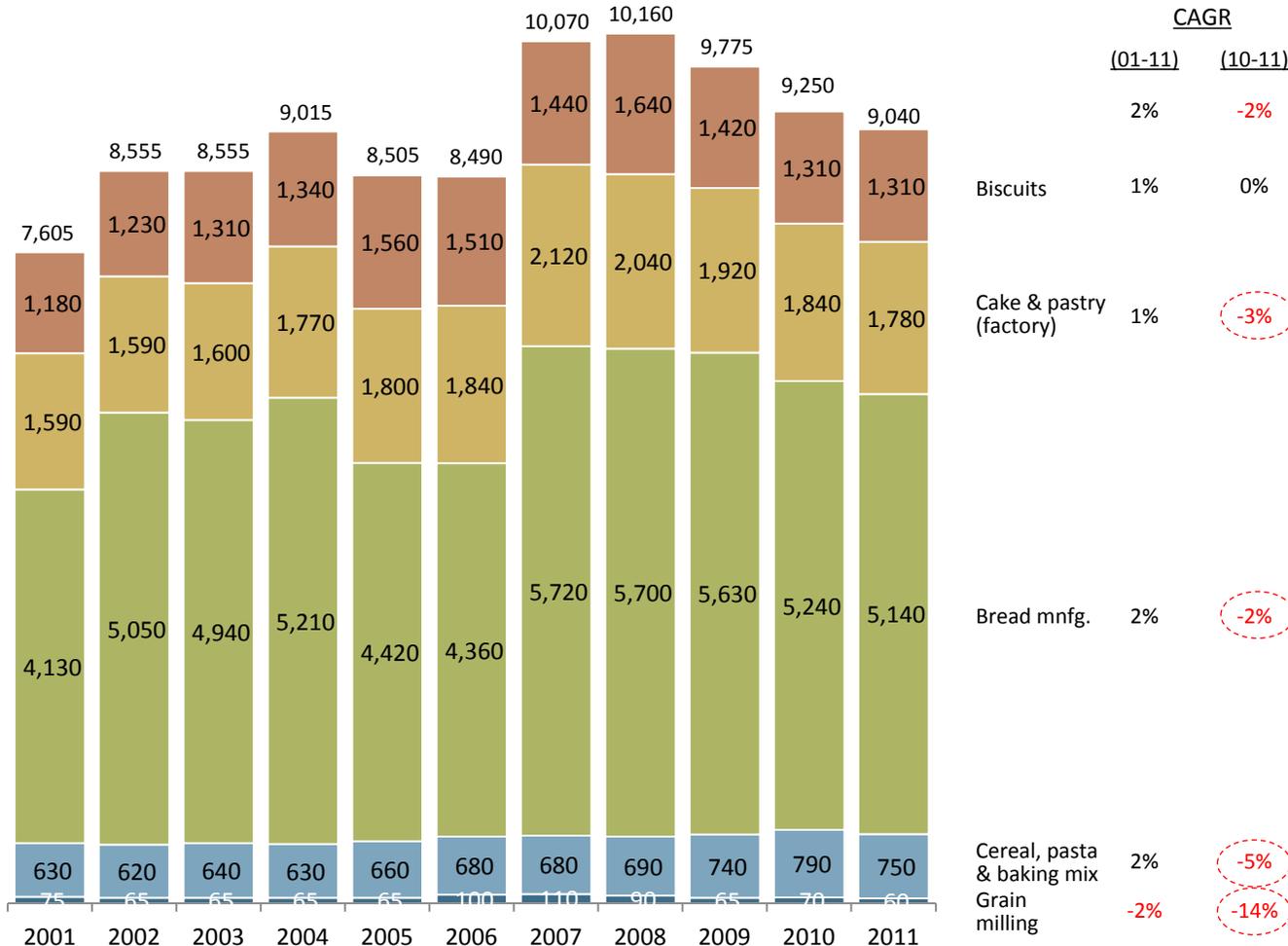
### Notes/Definitions

- Excludes ANZSIC-06 117-400 (non factory based cake and pastry manufacturing [i.e. cake shops, etc.]

## A. GRAIN BASED – EMPLOYMENT

Similarly, sector employment, which was growing, has been declining over the past four years

Number of persons employed in the grain-based processed foods industry in New Zealand<sup>1</sup>  
(people; 2001-2011)



### Comments

- Current hypothesis is a GFC-related consolidation
- Question: Do shifts correspond to investment?

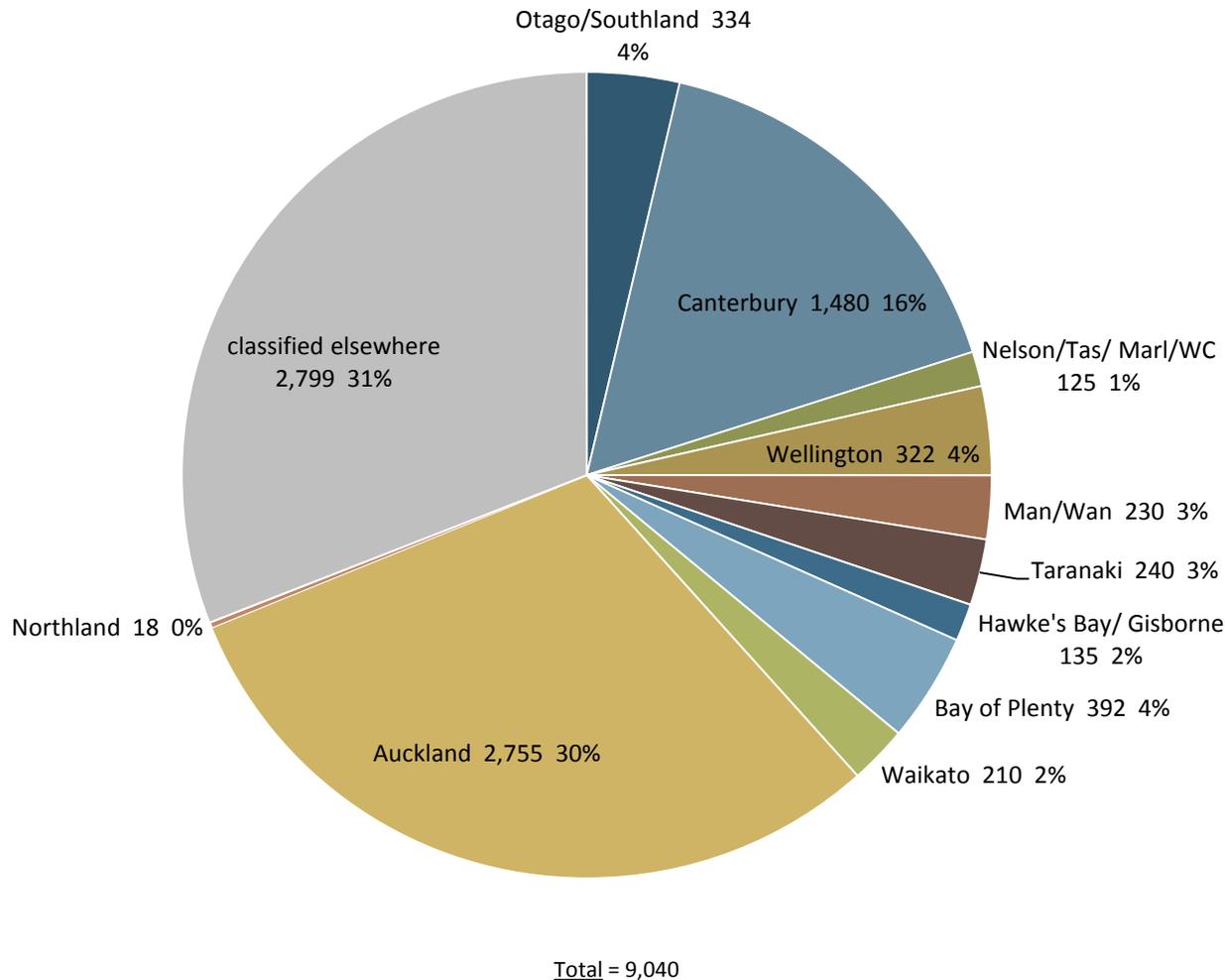
### Notes/Definitions

- At the enterprise level businesses are classified by their predominant activity. For example Goodman Fielder will be classified as a “bread manufacturing” enterprise even though it has other activities such as dairy and meat.
- Therefore, caution should be taken in over interpreting this data as many of the movements appear to be driven by firm level decisions, such as acquisitions and divestitures
- Excludes ANZSIC-06 117-400 (non factory based cake and pastry manufacturing [i.e. cake shops, etc.]

## A. GRAIN BASED – EMPLOYMENT BY REGION

Grain-based processed foods manufacturing is concentrated in Auckland (44%) and Canterbury (24%)

Number of persons employed in the grain based industry in New Zealand by region  
(people; 2011)



### Comments/Notes

- In the largest city (Auckland) or near the area of grain production (Canterbury)
- Includes employees classified elsewhere

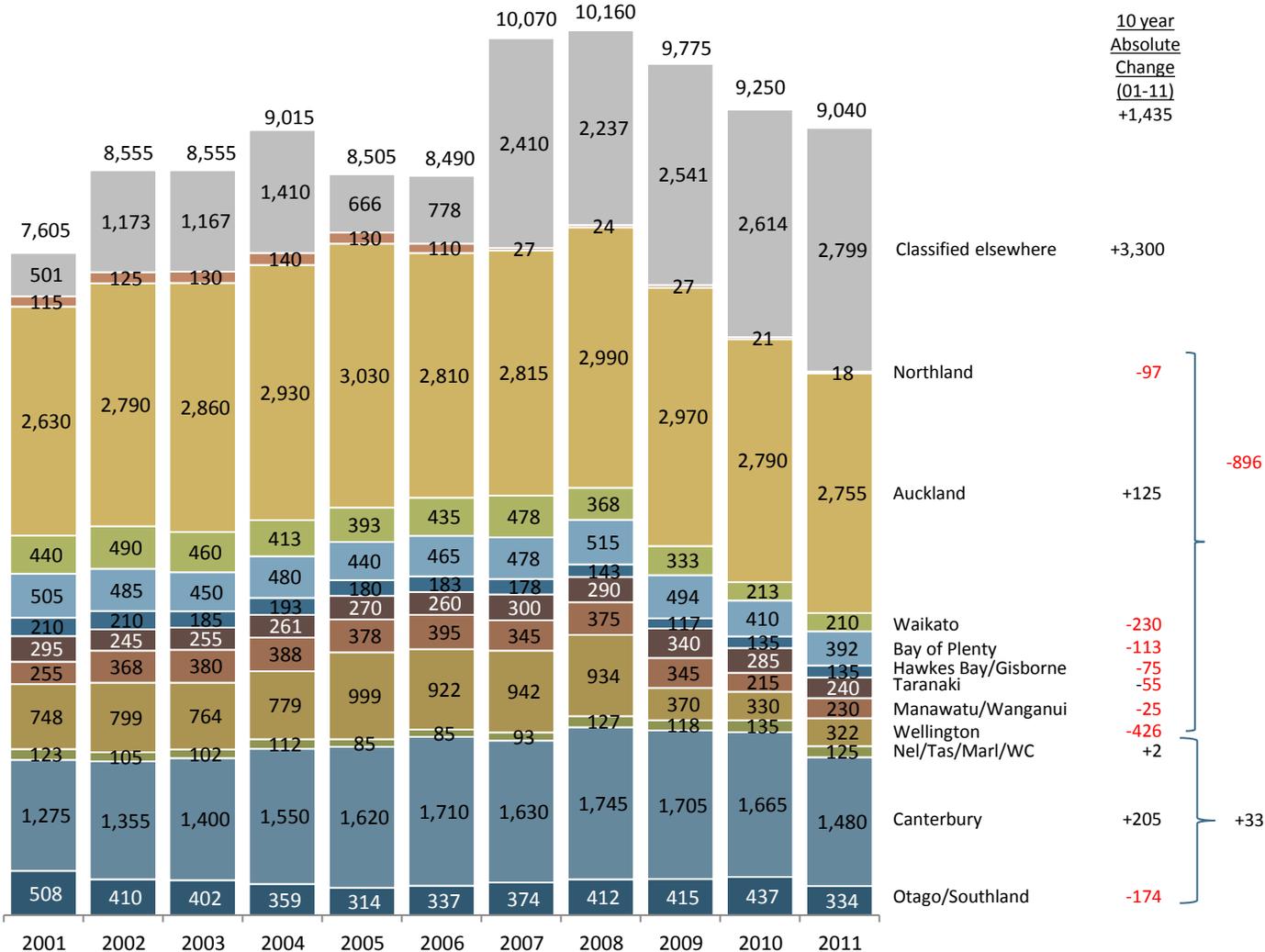
### Notes/Definitions

- Statistics New Zealand calculates its statistics based on the predominant business activity of the enterprise
- For example, a firm (e.g. GWF) that is defined as "bread manufacturing" at the enterprise level may have a subsidiary at the geographic level that is classified as "grocery wholesaling"
- Data here is "geographic" units not "enterprise" units (pages prior)
- Nelson/Tas/Marl/WC = Nelson/Tasman/Marlborough/West Coast
- Man/Wan = Manawatu/Wanganui

# A. GRAIN BASED – EMPLOYMENT BY REGION

Grain-based processed foods manufacturing has only created significant number of new jobs in the Canterbury and Auckland; areas are consolidating

Number of persons employed in the grain based industry in New Zealand  
(people; 2001-2011)



### Comments

- Wellington shift 08-09 is primarily closure of Griffins plant

### Notes/Definitions

- Statistics New Zealand calculates its statistics based on predominant business activity; firms are classified by their predominant activity.
- Data here is “geographic” units not “enterprise” units
- See notes on prior pages

## A. GRAIN BASED – KEY FIRMS

There are six major (\$100m+) grain-based processed foods firms in New Zealand

### Key firms in the New Zealand processed foods sector

(2012 or as available)

	Turnover	% Export	Employees	Ownership	Year founded	Notes
	NZ Gp \$1,088 Baking \$424m (2012)	n/a	2,200 (FTE, '12, AR)	Australia; listed (ASX/NZX: GFF)	1968 ~1986	<a href="http://www.goodmanfielder.com.au">www.goodmanfielder.com.au</a> - Quality Bakers founded in NZ by Pat Goodman - Merger with Fielder Gillespie (AU) in 1986 - Acquired/relisted by Graeme Hart/Burns Philp - Acquired/swapped dairy business w/Fonterra
	\$276m (2011)		850/750 FTE (Ci)	Australia; private equity (Pacific Equity Partners)	1864	NZ Snack Food Holdings (1774272) <a href="http://www.griffins.co.nz">www.griffins.co.nz</a> Founded in Nelson in 1864 by John Griffin Range of owners over past 20 years; ETA snacks as well
	\$281m (2011)		500+ (website)	UK; listed (LON: ABF) (Weston Family 54%)	1950s	<a href="http://www.gwfbaking.co.nz">www.gwfbaking.co.nz</a> ; <a href="http://www.gwf.com.au">www.gwf.com.au</a> ; <a href="http://www.abf.co.uk">www.abf.co.uk</a> Allied Foods (NZ) Ltd; George Weston Foods NZ Entered NZ via acquisition in 1950's Primarily fresh bread; not a major exporter
	\$150m (Ci; 11)		330 (Ci)	New Zealand; charity (Seventh-day Adventist Church)	1900	<a href="http://www.sanitarium.co.nz">www.sanitarium.co.nz</a> Founded in 1900 by Edward Halsey Owned by NZ Church; Sanitarium AU by AU church; effectively run as separate divisions of same firm
	~\$100m (Ce; 10)		190 (Ci)	New Zealand; Private (Yarrow family)	1923	<a href="http://www.yarrows.co.nz">www.yarrows.co.nz</a> Founded in Manaia, Taranaki in 1923 Makes breads, croissants, pastries and rolls, Pioneered frozen croissants as butter tariff buster Major supplier of frozen dough to Subway in Asia Manufacture in Manaia, Rotorua, Sydney & Perth Significant restructuring in 2011
	\$100-\$120m (Ce; 11)		200 (FTE) (Ci)	New Zealand; Private (Hall family)	1932	<a href="http://www.tasti.co.nz">www.tasti.co.nz</a> Strong in muesli bars, breakfast cereals; also baking products and oils; AU has been a major growth engine for the firm

## A. GRAIN BASED – KEY FIRMS

There is also a strong group of second tier firms...

Key firms in the New Zealand processed foods sector  
(2012 or as available)

	Turnover	% Export	Employees	Ownership	Year founded	Notes
	\$85m (Ke)		150 (Ci)	New Zealand; private (Van Til family)	1852	www.rangiorabakery.com Factory and two retail stores Supplies “a wide range of Multi-National companies, supermarkets, Airlines and QSR Restaurants”
	n/a	} \$70m+	160 (ws)	} New Zealand; private (North family)	“17 years” (ws)	www.pandoro.co.nz 1 wholesale bakery; 7 retail outlets
	\$28m (Ke)		100 (K)		1948	www.evespantry.co.nz Production facility and nine retail outlets in Auckland
	\$23m (Ke)		80 (K)		1964	www.aucklandbakeries.co.nz Wholesale baker; contract packs
Richmond Foods	\$19m (Ke)		65 (K)		No website (?); pastry products Newway and Richmond Foods brands	
	\$68m (Ke)		150-200 (Ci)	New Zealand; private (Coupland family)	1971	www.couplands.com Factory in Christchurch; also retail stores (turnover includes some retail)
	\$57m (Ke)		17 (Ci)	Fonterra (Cooperative)	1986	www.fonterrafoodservices.com/brand.php?id=5 Established in NZ in 1983; Fonterra acquired 2006 Makes 30 varieties of ready to use pastry/bakery products “high in dairy content”; supplies McCafe across Australasia
	\$51.9m (2011)		80 (Ci)	Dutch/Swiss; foundation (Bakel family)	1953	www.nzbakels.co.nz; www.bakels.com Parent firm is major global supplier of bakery ingredients Does not directly retail to consumers 1 factory Auckland, 3 warehouses in NZ
	\$40-50m (Ce; 10) \$63m (Ke)		150 (Ci)	New Zealand; mixed (Hubbard family 64%; Rotorua Energy C. Trust 36%)	1988	www.hubbards.co.nz Recently brought in Rotorua Energy Charitable Trust as shareholder

## A. GRAIN BASED – KEY FIRMS

... continued...

Key firms in the New Zealand processed foods sector  
(2012 or as available)

	Turnover	% Export	Employees	Ownership	Year founded	Notes
	\$100-120m (12; Ci)	20%	430 FTE 590 ( '12; Ci)	New Zealand; private (Crosby family)	1983	www.prolife.co.nz Was importer/repacker of bulk foods Purchased Mother Earth muesli bars from Cadbury Purchased Donovans Chocolates
	\$25m (Ce)		130 (ws) 90 FTE	New Zealand; private (John Cockburn; Peter Rewi; others)	1942	www.breadcraft.co.nz bread, cakes and pastry goods (Cockburn brand) Contract pack for Goodman Fielder and others (primarily foodservice); export to Australia
	\$23m (Ke)		70 (Ci)	New Zealand; private (Mayell family)	1983	www.cookie-time.co.nz
	\$23m (Ke)		30 (Ci)	New Zealand; private (Corson family)	1902	www.corson.co.nz Corn milling; based in Gisborne Acquired Defiance Milling in AU in 2003
	\$20-25m (2011, Ce)		65 (Ci)	Australia/NZ; private (unclear/various)	1900's	www.qfs.co.nz Founded in Invercargill; acquired by GFW in 80's Acquired by private group in 2002 Export focused: croissants, finished Danish and pastries, biscuit mixes, pastry, and sauces
	\$20m (Ke)		60-70 (Ci)	New Zealand; private (Whimp; Sargent; McKendry)	1996	www.abes.co.nz Copied American style bagels for NZ market Bagels and bagel crisps
	\$17m (Ke)		60 (Ci)	New Zealand; private (Mayell family)	1991	www.originalfoods.co.nz Range of baked goods
	\$14m (Ke)		50 (Ci)	New Zealand; private (Pollett and Davis families)	1978	www.goodtime.co.nz 1 factory in Napier
	\$14m (Ke)		50 (Ci)	New Zealand; private (Yarrow & Penniall family)	1982	www.kayes.co.nz Bread (Kaye's) and biscuits (Cottrells); Yarrow 50%

## A. GRAIN BASED – KEY FIRMS

... continued

Key firms in the New Zealand processed foods sector  
(2012 or as available)

	Turnover	% Export	Employees	Ownership	Year founded	Notes
	\$14m (Ke)		35 (Ci)	New Zealand; private (Patton family)	1896	<a href="http://www.milligans.co.nz">www.milligans.co.nz</a> Eclipse flour; other grain products/mixes Also profiled under dairy
	\$10-15m (Ci; 12)	30% (Ci)	26 (Ci)	New Zealand; private (Justin Hall; others)	2004	<a href="http://www.vogels.co.nz">www.vogels.co.nz</a> License Vogel's name from Swiss owners Export private label/store brand to Australia Vogels cereal recently into US market
	\$11m (Ke)		25 (Ci)	New Zealand; private (Binnie family)	1982	<a href="http://www.derlenbakery.co.nz">www.derlenbakery.co.nz</a> Exports to Australia and Asia
	~\$10m (Ce; 10)		40 (Ci)	New Zealand; private (Hudson family)	1867	<a href="http://www.harraways.co.nz">www.harraways.co.nz</a> Founded in Dunedin in 1893 Domestic, export and ingredients (to others)
	\$10m (Ke)		30 (Ci)	New Zealand; private (Eliahu family)	1988	<a href="http://www.pitabread.co.nz">www.pitabread.co.nz</a> Pita crisps snacks
	\$9m (Ke)		30 (Ci)	New Zealand; private (Fisher family)	1900's	<a href="http://www.elitefoodgroup.co.nz">www.elitefoodgroup.co.nz</a> Kiwi trifecta: pavlovas, meringues and lamingtons

## A. GRAIN BASED – KEY FIRMS

There are also a number of firms that only wholesale in New Zealand (including some big grain-based brands)

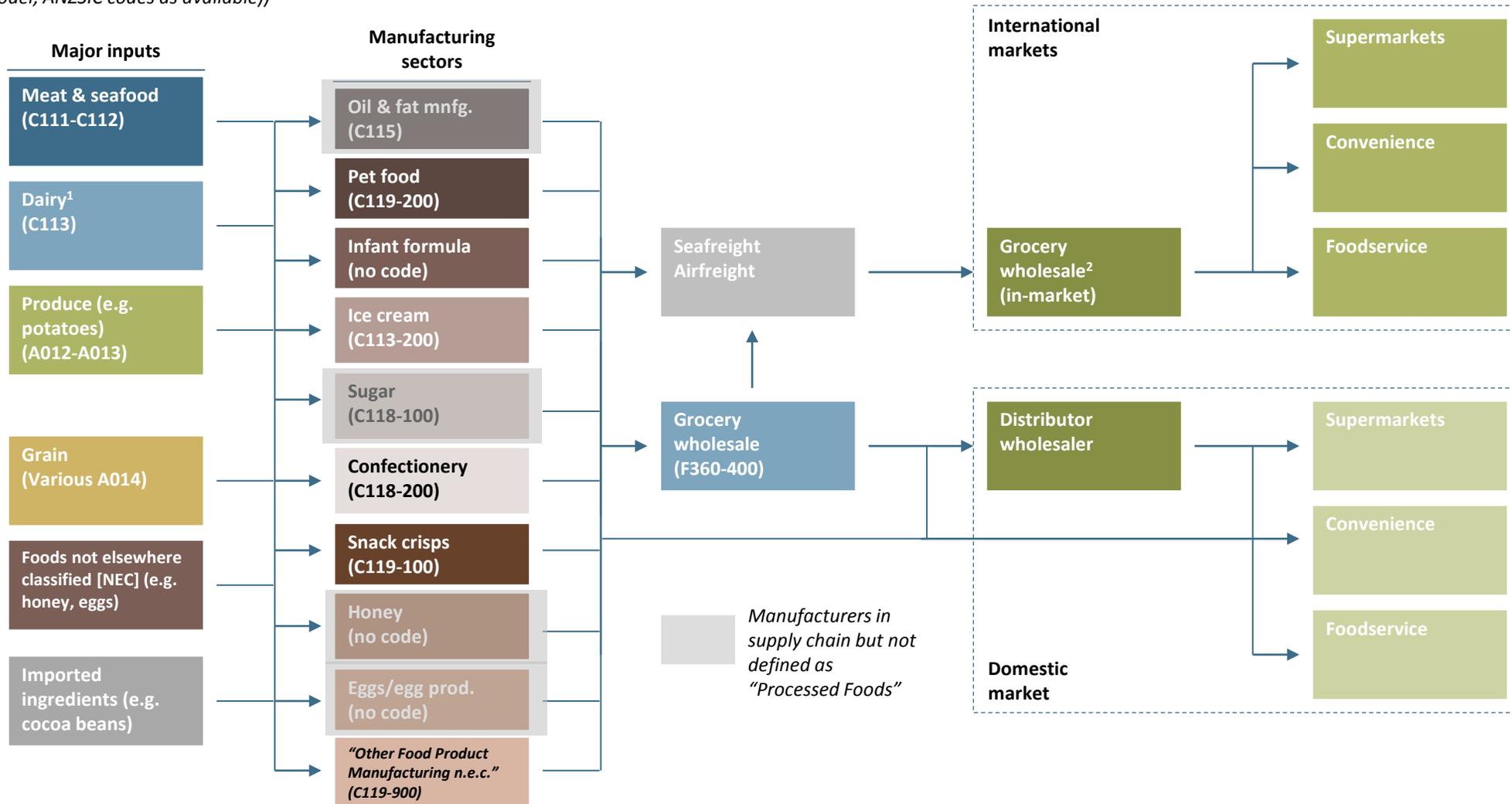
Key firms in the New Zealand processed foods sector  
(2012 or as available)

	Turnover	% Export	Employees	Ownership	Year founded	Notes
Major importer/wholesalers that do not manufacture in New Zealand						
	\$106.7m <sup>1</sup> (2011)	Import Only		USA; listed (NYSE: CPB)	[1865]	www.arnotts.com; www.campbellsoupcompany.com Manufactured in Australia
	\$47.0m <sup>1</sup> (2011)	Import Only		USA; listed (NYSE: K)	[1906]	www.kelloggs.com.au Manufactured in Australia
	\$43.4m <sup>1</sup> (2010)	Import Only		Australia; private (Crotti family)	[1936]	www.sanremo.com.au Manufactured in Australia
	~	Import Only		Australia; co-operative (rice growers)		www.sunrice.com.au Manufactured in Australia Had sales office; exited; now sells through agency
	US\$100m+ (ws)	Import only	175-220	New Zealand; private	1968	www.davistrading.co.nz Branches Auckland, PN, Wellington & Christchurch Buying office Beijing & Jakarta

## B. NON-GRAIN-BASED FOODS/OTHER FOODS – SUPPLY CHAIN

Non-grain based processed foods use a wide range of ingredients to produce all the other food items in a supermarket

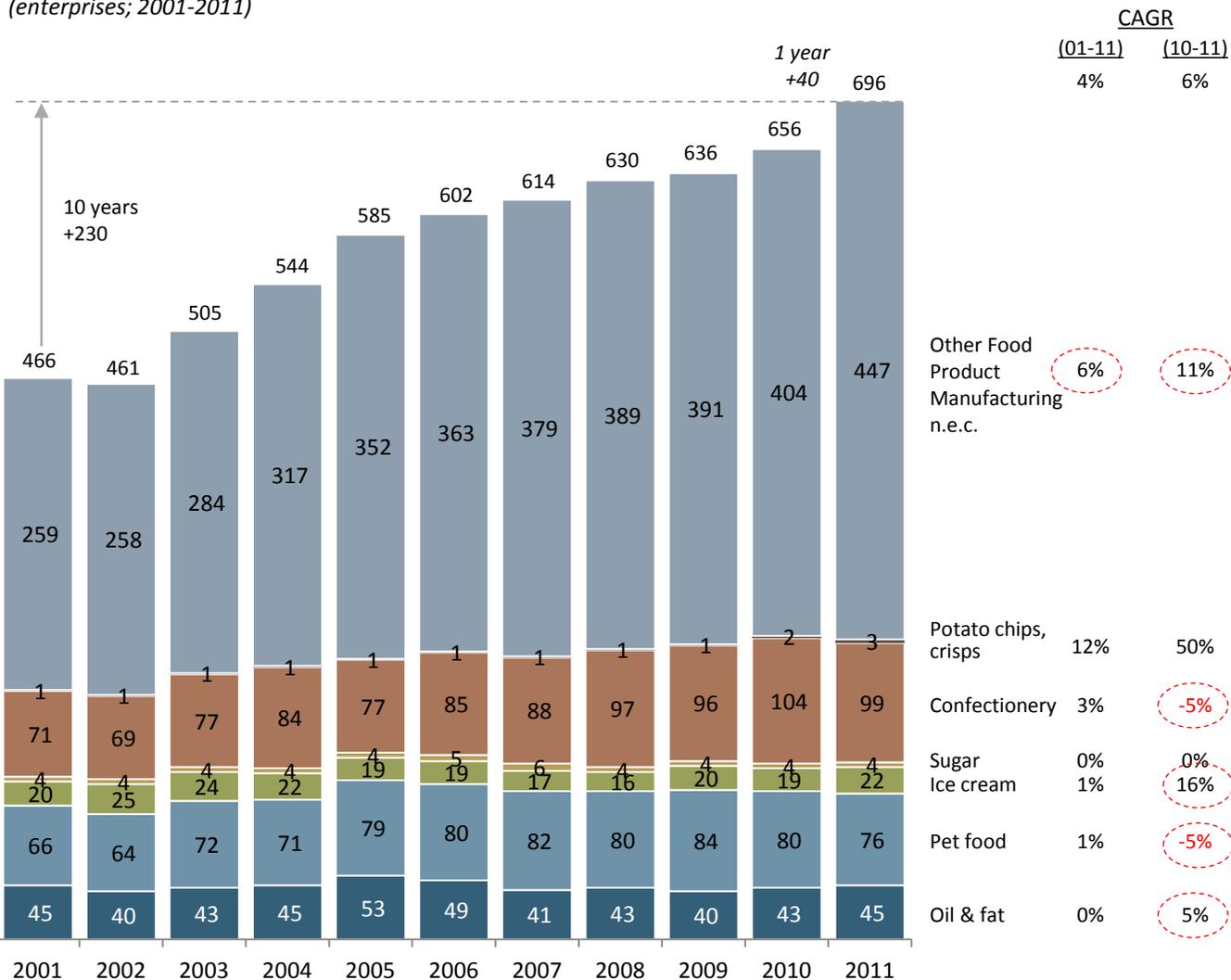
Simplified model of New Zealand non-grain-based foods/other foods supply chain  
(model; ANZSIC codes as available)



## B. NON-GRAIN-BASED FOODS/OTHER FOODS – # OF ENTERPRISES

The number of enterprises involved in processed/other foods sector is growing; the sector has added ~230 enterprises in the past decade and +40 in the last year

Number of enterprise units in the non-grain-based foods/other foods industry in New Zealand<sup>1</sup>  
(enterprises; 2001-2011)



### Comments

- Industry growth during difficult times bodes well for further growth into economic recovery
- Firms that do not fit in existing categories are classified as “other”; from past research we believe this represents innovation and new products in new categories
  - In other words, “other” is industries too new to be classified by the last ANZSIC revision

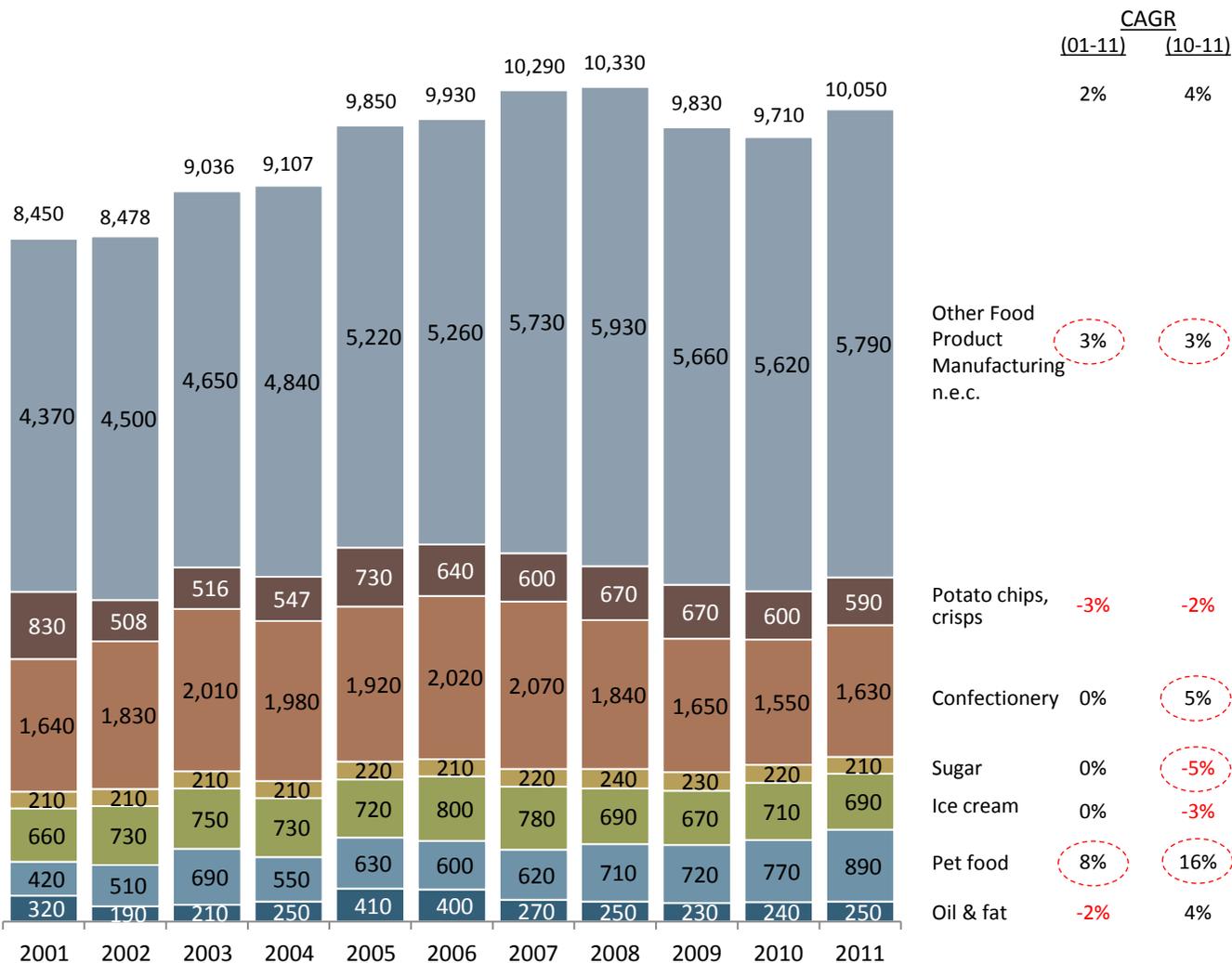
### Notes/Definitions

- Oil & Fat, Sugar, and part of Other Food are obviously important ingredients to Processed Foods and have been left in for comparison.
- Remember that enterprises are classified at the point they pay GST and by their primary activity; for example, the potato crisp firm here is Bluebird while ETA crisps are captured under Griffins (Bakery products - biscuits)
- “Other Food Product Manufacturing n.e.c.” is effectively all areas of food manufacturing for which the ANZSIC coding system has no classification; it can partially be read as innovative new products or categories of product too new or too small to be in the system

## B. NON-GRAIN-BASED FOODS/OTHER FOODS – EMPLOYMENT

Sector employment growth, which was growing until 2008, dipped and has grown again in the last year

Number of persons employed in the non-grain-based foods/other foods industry in New Zealand<sup>1</sup>  
(people; 2001-2011)



### Comments

- Drive to efficiency and consolidation last few years; current hypothesis is a GFC-related consolidation
- Decline in confectionery employment primarily Cadbury moving some production to Australia

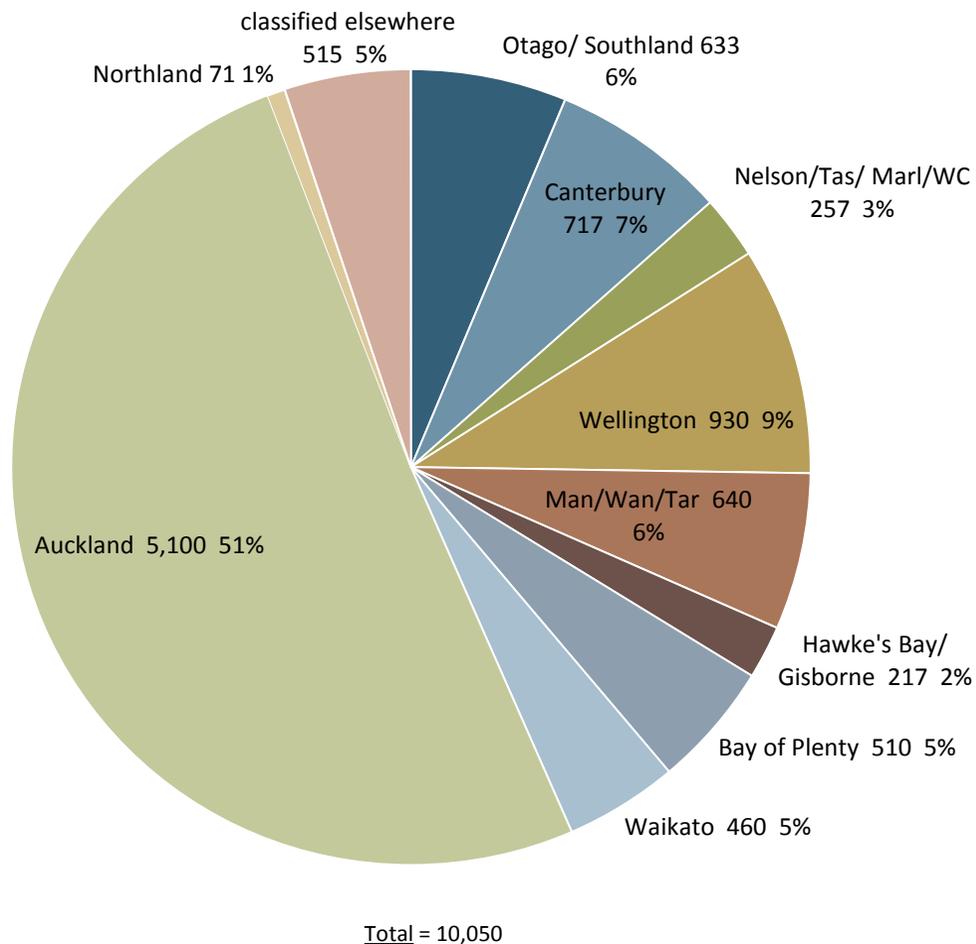
### Notes/Definitions

- Oil & Fat, Sugar, and part of Other Food are obviously important ingredients to Processed Foods and have been left in for comparison.
- Includes employees classified elsewhere
- Remember that enterprises are classified at the point they pay GST and by their primary activity; for example, the potato crisp firm here is Bluebird while ETA crisps are captured under Griffins (biscuits)

## B. NON-GRAIN-BASED FOODS/OTHER FOODS – EMPLOYMENT BY REGION

The processed foods industry is concentrated in Auckland

Number of persons employed in the non-grain-based foods/other foods industry in New Zealand by region  
(people; 2011)



### Comments/Notes

- Auckland clearly has a strong position in the production of processed foods

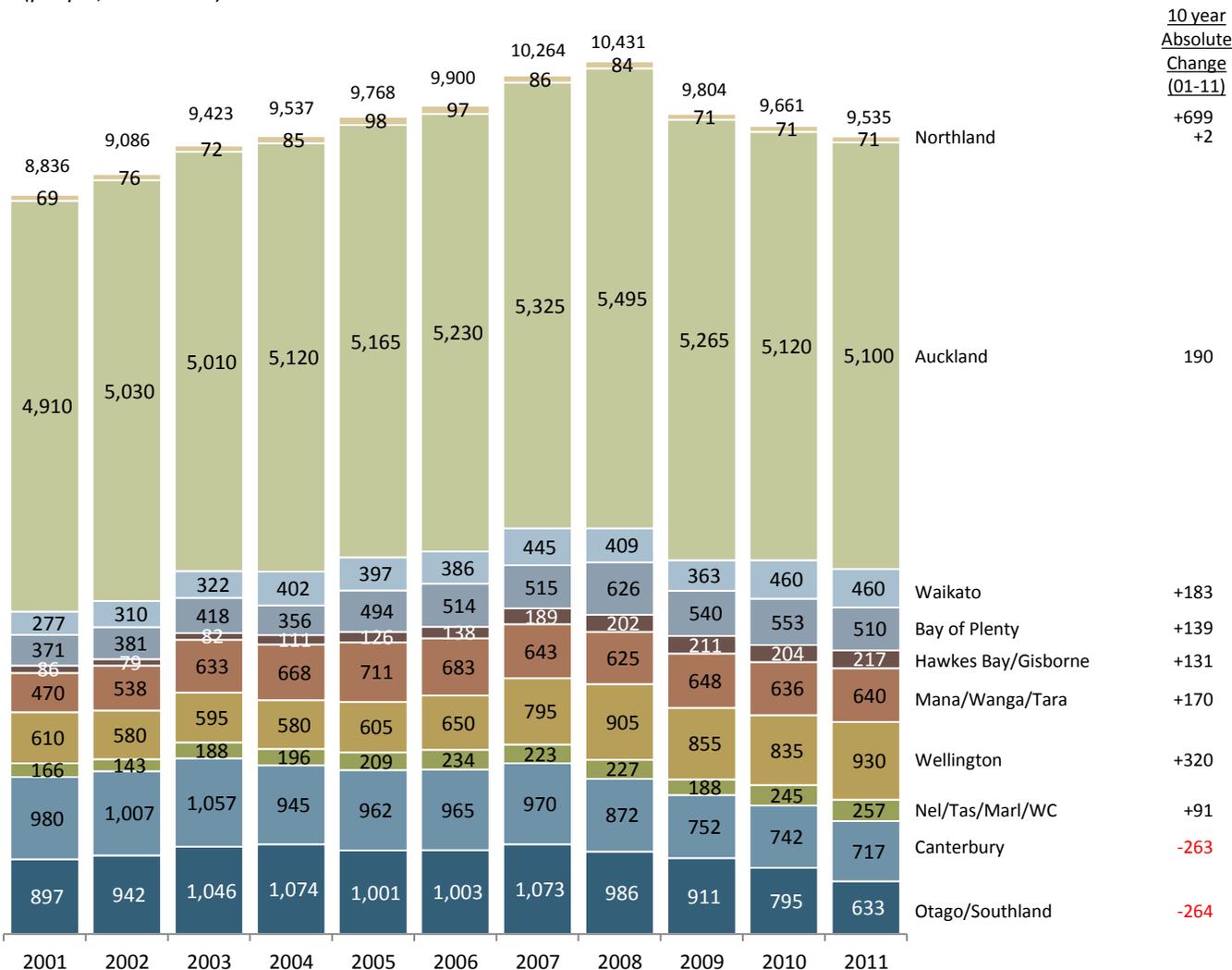
### Notes/Definitions

- Oil & Fat, Sugar, and part of Other Food included
- Data here is “geographic” units not “enterprise” units (pages prior)
- Statistics New Zealand calculates its statistics based on the predominant business activity of the enterprise
- A firm that is defined as “beverage manufacturing” at the enterprise level may have a subsidiary at the geographic level that is classified as “grape growing”
- “Classified elsewhere” is the difference between geographic unit employees and enterprise unit employees; it represents firm subsidiaries not involved in “beverage manufacturing,” for example those classified as “grape growing” or “beverage wholesaling”
- Includes employees classified elsewhere

## B. NON-GRAIN-BASED FOODS/OTHER FOODS – EMPLOYMENT BY REGION

Most regions have seen a flattening to decline in recent years; results are mixed

Number of persons employed in the non-grain-based foods/other foods industry in New Zealand  
(people; 2001-2011)



### Comments

- Has the GFC impacted processed foods in Auckland or is this just consolidation?

### Notes/Definitions

- Oil & Fat, Sugar, and part of Other Food included
- Excludes employees classified elsewhere
- Varies from pages earlier as this is geographic unit data (not enterprise unit data)
- Statistics New Zealand calculates its statistics based on predominant business activity; firms are classified by their predominant activity.
- See notes on prior pages

## B. NON-GRAIN-BASED FOODS/OTHER FOODS – ICE CREAM – FIRMS

New Zealand has a handful of ice cream firms that combine together dairy products, sugar, chocolate and other flavourings

Key firms in the New Zealand ice cream sector  
(2012 or as available)

	Turnover	% Export	Employees	Ownership	Year founded	Notes
<b>Ice Cream</b>						
	\$226m (Ke)		490 (Ci)	Subsidiary of Fonterra (Co-operative)	1936	<a href="http://www.tiptop.co.nz">www.tiptop.co.nz</a>
	NZ Group \$295m (2011)		250 (NZ group)	UK/Dutch; listed (Unilever)	1919	<a href="http://www.unilever.co.nz/brands/foodbrands/Streets.aspx">www.unilever.co.nz/brands/foodbrands/Streets.aspx</a> Novelty ice cream (Magnum, Paddle Pop, etc.) Group sells wide range of products and brands
	\$40-50m (Ce)		100	New Zealand; private (Foreman family)	2001	<a href="http://www.newzealandnatural.com">www.newzealandnatural.com</a> <a href="http://www.icecream.co.nz">http://www.icecream.co.nz</a> Numerous acquisitions
	\$10m (Ke)		40 (K)	New Zealand; private (Moore family)	1992 (current form)	<a href="http://www.kiwiicecream.co.nz">www.kiwiicecream.co.nz</a> ; <a href="http://icecreamland.co.nz">http://icecreamland.co.nz</a>
	~\$10-20m (Ce; IC only)		N/A	Subsidiary of Talley's Group (Talley family)	1936	<a href="http://www.talleys.co.nz/icecream.htm">www.talleys.co.nz/icecream.htm</a>
	\$4-6m (Ce)		20 (Ce)	New Zealand; private (Hopkins family; Killick family)	1979	<a href="http://www.deepsouthicecream.co.nz">www.deepsouthicecream.co.nz</a> 2 manufacturing plants (Hornby & Invercargill)
	\$3m (Ke)		15 (K)	New Zealand; private (Bostock Group; Bostock family)	1926	<a href="http://www.rushmunro.co.nz">www.rushmunro.co.nz</a> ; <a href="http://www.jbgroup.co.nz">www.jbgroup.co.nz</a> Parent is JM Bostock Ltd.
	~\$1-2m (Ce)		10 (Ci)	New Zealand; private (Greg Hall 74%; others)	2007	<a href="http://www.kohuroad.co.nz">www.kohuroad.co.nz</a> Recently moved to larger plant

## B. NON-GRAIN-BASED FOODS/OTHER FOODS – PETFOOD – KEY FIRMS

The two largest pet food companies in the world (Mars & Nestle) produce pet food in New Zealand, as do a range of other firms, from large to small

Key firms in the New Zealand petfood sector  
(2012 or as available)

	Turnover	% Export	Employees	Ownership	Year founded	Notes
<b>Pet food/animal feed</b>						
	Total NZ \$735.6m (2011)	55%	1,800 FTE (Ci)	USA; listed (NYSE: HNZ)	1934	www.nutriplus.co.nz; www.catspreferchef.co.nz Founded in 1934 as coop; acquired 92 by Heinz from GFW Key brands: Champ; Chef; PurePet; Nutri-Plus, Bruno
	Total NZ \$377.5m (2011)		90 H/O 680 K	Swiss; listed (Nestle)	NZ 1926	www.nestle.co.nz; www.purina.co.nz Key brands: Purina, Tux, Friskies, Cat Chow, Fancy Feast
	Total NZ \$185.2m (2011)		350 (Ci)	USA; private (Mars family)	~1988	www.mars.com/global/global-brands.aspx Key brands: Pedigree, Royal Canin, Whiskas, MyDog Factory in Wanganui
	\$14m (Ke)		50 FTE (Ci)	New Zealand; private (Roby family)	1968	www.butch.co.nz Dog rolls
	\$5-10m (Ce)		34 (Ce)	New Zealand; private (Stuart; Mitchell; Wood family)	1992	www.ziwipeak.com Premium pet food
	\$8m (Ke)		32 (Ci)	New Zealand; private (various)	1980	www.jimbos.co.nz Parent is Bombay Petfoods
	\$35-40m (Ce)		55 (Ce)	Division of Scales	N/A	www.meateor.co.nz Meat ingredients processor for the global pet food industry Being sold due to parent insolvency (SCF/Hubbard)

### Major pet food importer/broker/wholesalers that do not manufacture in New Zealand

	\$139m (Ke)		120 (Ci)	New Zealand; mixed (29% PGC; Wootton family; others)	1954	www.masterpet.com; www.masterpet.co.nz Wholesaler broker for: Iams, Eukanuba, other brands
	\$92m (2009)		12 (Ci)	USA; listed (NYSE: CL)		www.colgate.com; www.hillspet.com Key brands: Hill's Science Diet

## B. NON-GRAIN-BASED FOODS/OTHER FOODS – CONFECTIONERY – KEY FIRMS

There are two large firms – Kraft/Cadbury and Whittaker’s, and a range of smaller firms in the New Zealand confectionery industry...

Key firms in the New Zealand confectionery sector  
(2012 or as available)

	Turnover	% Export	Employees	Ownership	Year founded	Notes
<b>Confectionery</b>						
	Group \$316.6m Cadbury \$286 (2011)	10%	500 FTE (Ci)	USA; listed (NYSE: KFT)	NZ 1868	www.cadbury.co.nz; www.kraftfoodscompany.com Parent recently acquired by Kraft Entered market 1930 via acquisition of Dunedin chocolate maker R Hudson (founded 1868)
	\$80-\$100m (Ci)	30%	80 (Ci)	New Zealand; private (Andrew & Brian Whittaker)	1896	www.whittakers.co.nz Formed J.H. Whittaker's Australia in 1992
Waikato Valley Chocolates Limited	\$14m (Ke)	n/a	50/30 (FTE; Ci)	New Zealand; listed/other (50% The Warehouse; others)	1975	No website located Manufacturer of chocolate panning and moulding
	\$17m (Ci)	35%	75 (Ci)	New Zealand; private (Halliwell family; others(?))	1974	www.rjslicorice.co.nz Started and based in Levin Competes with Nestle & Cadbury (50%+ share) Exports to AU, US, UK, & Canada
	\$13m (Ke)	yes	94 (K)	New Zealand; private (Betty/Thornton/White families)	1884/ 2001	http://rainbowconfectionery.co.nz Has origins in 1884 Julius Rominson/Romison's Confectionery/Regina Confectionery Business sold to Nestle in 1995; closed 2001 Oamaru plant reopened by Innovex/Rainbow 2001 Contract pack for others; export
	\$10m (Ce)		32 (K)	New Zealand; private (Prolife Foods; Crosby Family)	1991	www.donovanschocolates.co.nz
	\$9m (Ke)		20 FTE (Ci)	NZ/Singapore; private (Kartono Widjaja 33%; Campbell family 31%, others)	1980's	www.richfieldschocolate.co.nz Manufacturers bulk industrial chocolate (chips, budlets, buttons and large industrial blocks) Mnfr. Gift boxes, Easter eggs, etc. contract packed for Australasian retailers Exports to distribution hub in Singapore, then Asia

## B. NON-GRAIN-BASED FOODS/OTHER FOODS – CONFECTIONERY – KEY FIRMS

... continued

Key firms in the New Zealand confectionery sector  
(2012 or as available)

	Turnover	% Export	Employees	Ownership	Year founded	Notes
<b>Confectionery</b>						
	\$3m (Ke)		20 FTE (Ci)	New Zealand; private (Hardie family)	1978	www.carousel.co.nz
	\$2m (Ke)		10 (Ci)	New Zealand; private (Parmar family)	1935	www.empireconfectionery.co.nz
	\$1.4m (Ke)		18 (FTE; Ci)	New Zealand (Bennett family)	1989	Bars & gift boxes Won London chocolate awards
<i>Carroll Industries</i>	\$1m (Ke)		7 (FTE; Ci)	New Zealand ; private (Walker family; others)	1988	100s-&-1000s manufacturer Supplies manufacturers and contract packs
	\$2m (Ke)		9 (Ci)	New Zealand; private (Bradshaw family)	1985	Produce boxed assortments and seasonal Since 1985
	N/A		48 (Ci)	New Zealand; private (Stacey family)	1926	www.mayceys.co.nz
<b>Major confectionery food importer/broker/wholesalers that do not manufacture confectionery in New Zealand</b>						
	Total NZ \$377.5m (2011)		90 H/O 680 (Ci)	Swiss; listed (Nestlé)	NZ 1926	www.nestle.co.nz Key brands: Kit Kat; Aero; Life Savers; Rolo; Smarties; others
	Total NZ \$186m (2011)		350 (Ci)	USA; private (Mars family)	~1988	www.mars.com/global/global-brands.aspx www.wrigley.com Key brands: M&M's, Snickers, Starburst, Mars, Extra, others

## B. NON-GRAIN-BASED FOODS/OTHER FOODS – INFANT FORMULA – KEY FIRMS

New Zealand has a growing infant formula manufacturing sector...

Key firms in the New Zealand infant formula sector  
(2012 or as available)

	Turnover	% Export	Employees	Ownership	Year founded	Notes
<b>Infant Formula</b>						
	\$16,726m (2010)	95% (AR)	20,000 (Ce)	NZ; co-operative (11,000 farmers)	2001	www.fonterra.com Formed in industry mega-merger in 2001 Contract packs infant formula and base formula for others
	\$298m (2011)	98% (Ci)	150 (Ci)	China/Japan/NZ; mixed (Bright; Mitsui; others)	2000	www.synlaitmilk.com; www.brightfood.com Adding capacity to plant in Dunsandel Purchased assets of Oceania Dairy (\$95m plant not built)
	\$82.4m (2009)		n/a	France; listed (Danone)	1996	www.nutricia.co.nz Manufacturer of Karicare infant formula
	\$100m (2011 ws)		150 (Ci)	New Zealand; co-operative (farmers)	1983	www.dgc.co.nz Primarily dairy goat milk into infant formula Includes dairy blenders Export to Asia
	\$60-65m (Ce)		105 (Ci)	New Zealand; private (Sutton family)	1987	www.suttongroup.co.nz/Food-Dairy-Division.html manufacture infant formulas, nutritional powders, and pack milk and other powder based products Also manufacturers packaging and engineering installation
	\$75-80m (Ci; 2011)	90% + (ws)	10 (Ci)	New Zealand; Listed (NZX: NEW)	1984	www.newimageasia.com www.newimagegroup.co.nz Multi-level marketer of colostrum/other supplements Contract packs; building infant formula plant
	\$30-60m (Ce)		4 (FTE; Ci)	USA; listed (HJ Heinz)	NZ 1934	www.watties.co.nz Infant formula Contract packed

## B. NON-GRAIN-BASED FOODS/OTHER FOODS – INFANT FORMULA – KEY FIRMS

... continued

Key firms in the New Zealand infant formula sector  
(2012 or as available)

	Turnover	% Export	Employees	Ownership	Year founded	Notes
<b>Infant Formula</b>						
	\$30m (Ce; 11)	~90% (Ce)	130 (Ce)	New Zealand; private (Ye family)	2002	www.gmp.com.au Factory in NZ and AU; offices in HK and Beijing Mnfg. range of products; “One-stop OEM service”
	n/a	~95% (Ce)	60 (Ci)	NZ; private (Huang family)	2008	www.homecarenz.com Range of products (supplements, colostrum, baby food) Building infant formula plant (? TBC)
	n/a	100%	n/a	NZ; private (Simon Page)		www.biopurehealth.co.nz New Image Group contract manufacture “Infapure” Export to own retail stores in China
	\$171m (AR; 12)	n/a	n/a	Mix; AU (P/E Next Capital); NZ (Thompson, Norgate & others)		Goats milk powder and colostrum based products
	n/a	100%	2	Mix: NZ; private (Claridges); USA (Caringrace Inc )	2001	www.carrickmore.co.nz Carrickmore Nutrition established 2011 Contract packed

## B. NON-GRAIN-BASED FOODS/OTHER FOODS – FRENCH FRIES – KEY FIRMS

The three largest french fry manufacturers in the world produce in New Zealand

Key firms in the New Zealand french fries/frozen foods sector

(2012 or as available)

	Turnover	% Export	Employees	Ownership	Year founded	Notes
<b>Frozen french fries/frozen foods</b>						
	Total NZ \$735.6m (2011)	55%	1,800 FTE (Ci)	USA; listed (NYSE: HNZ)	NZ 1934	www.nutriplus.co.nz; www.heinz.com Founded in 1934 as coop; acquired 92 by Heinz from GFW Wide range of processed/other food products
	\$216.8m (2011)		500 (K)	Canada; private (McCain family)	1978	www.mccain.com Acquired frozen veg NZ Alpine Foods in Timaru in 1990; built greenfields same site 1994; acquired Hastings Plant 1996
	\$19.7m (2011) Mr Chips \$63.9m (11)	25-40% (Ci)	170 FTE (ci)	USA; private (Simplot family)	1988	www.mrchips.co.nz; www.simplot.com.au; www.simplot.com Acquired then listed Mr Chips in 2008 25,000t/year (100t/day capacity) Parent brands incl. Birds Eye, John West, Edgell and Leggo's
	\$75m (Ke)		500 (ws)	New Zealand; private (Talley family)	1936	www.talleys.co.nz/vfries.htm Diversifying portfolio from seafood to frozen vegetables, dairy, (open Country Cheese) meat (AFFCO),
	\$14m (Ke)		30 (Ci)	New Zealand; private: (Steven Wong)	1979	Formed in 1979 by immigrant fish & chip shop owner Steven Wong (Huang Wei Zhang) Produce frozen french fries and potato chips Invested \$2.8m on new equipment in 2008 800t/week

## B. NON-GRAIN-BASED FOODS/OTHER FOODS – MEAT BASED – KEY FIRMS

There are a range of meat-based processed firms in New Zealand...

Key firms in the New Zealand Meat based foods sector

(2012 or as available)

	Turnover	Key categories	Key brands	Employees	Ownership	Year found	Notes
<b>Meat-based processed foods</b>							
	Total NZ \$735.6m (2011)	Frozen meals Frozen meats	Watties Weight Watchers	1,800 FTE (Ci)	USA; listed (NYSE)	1934	- www.watties.co.nz - Strong across total frozen foods section
	Group NZ \$1,087 (2012)	Frozen meals Meat pies Sausage rolls Frozen meats	Irvines, Edmonds Aashiayana Ernest Adams Leaning Tower	2,200 FTE (12; Ci)	Australia; listed (ASX) NZ listed	1968	- www.goodmanfielder.com.au - Recently sold Top Hat to Tegel
	Group NZ \$216.8m (2011)	Frozen meals Frozen pizza	McCain	500 (ws)	Canada; private (McCain family)	NZ 1978	- www.mccain.com/worldwide/Pages/NewZealand.aspx
	\$15-20m+ (09e)	Hamburgers Nuggets Schnitzel Meal solutions	Leader	70 (Ce)	New Zealand; private (Keen; Davidson; Others)	n/a	- www.leadernz.co.nz - One factory (Otahuhu, Auckland) - Supply Subway most meats - Parent is Food Partners
 	\$10-15m+ (09e)	Hamburgers Schnitzel Chicken nuggets Crumbed chicken	Andrew Corbett BB Grillers Zareena	30 (Ce)	New Zealand; private (Paul Corbett Brown; Andrew van der Werff)	1993	- www.franklinfoods.co.nz - Spun off from AFFCO in 1993 - aka. Food Partners NZ
	\$281m (2011)	Meat pies	Big Ben	1,000	UK; listed (ABF/Weston family)	NZ 1950's	- www.gwfbaking.co.nz - Primarily bread/baked goods
	Group \$1,207m (2011, AR)	Hamburgers Processed meats	Itoham	150 3,100 (Group; Ci)	Itoham Japan 50% ANZCO 50%	1984	- www.anzcofoods.com - JV Waitara plant; 20,000t capacity ???

## B. NON-GRAIN-BASED FOODS/OTHER FOODS – MEAT BASED – KEY FIRMS

... continued

Key firms in the New Zealand Meat based foods sector  
(2012 or as available)

	Turnover	Key categories	Key brands	Employees	Ownership	Year found	Notes
<b>Meat-based processed foods</b>							
	\$113m (Ke)	Beef jerky	Jack Link's	250 (ws)	USA; private (Link family)	NZ 2002	www.jacklinks.co.nz; www.jacklinks.com - 3,000m2 factory built in 2002 - Exports to Asia, Europe, elsewhere
	\$20m (Ke)	Baby food Canned meat	Only Organic Palm Salsbury Monarch	100 (Ci)	New Zealand; private (McCallum family)	1987	www.onlyorganic.co.nz Parent is McCallum Industries Canned meat (Palm, Salsbury, Monarch); baby food (only organic); 65% export 1 plant
	\$15-20m (Ce)	Meat pies	Dad's	70 (Ci)	New Zealand; private (Grooten family; others)	1981	www.dadspies.co.nz Started with 1 store; now 3,000m2 factory Moving into export

## B. NON-GRAIN-BASED FOODS/OTHER FOODS – OTHER FOODS – KEY FIRMS

There are a huge range of firms in the catch-all “other” category...

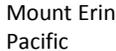
Key firms in the New Zealand other foods nes sector  
(2012 or as available)

	Turnover	% Export	Employees	Ownership	Year founded	Notes
<b>Other food products</b>						
	NZ Total \$1,087 (2012)		2,200 FTE (12)	Australia; listed (ASX/NZX: GFF)	1968	www.goodmanfielder.com.au restructuring to focus on core business
	Total NZ \$735.6m (2011)	55%	1,800 FTE (Ci)	USA; listed (NYSE: HNZ)	1934	www.nutriplus.co.nz; www.heinz.com Founded in 1934 as coop; acquired 92 by Heinz from GFW Wide range of processed/other food products Owns La Bonne Cuisine/Good Taste
	Total NZ \$377.5m (2011)		90 H/O 680 (Ci)	Swiss; listed (Nestle)	NZ 1926	www.nestle.co.nz; www.nestle.com Wide range of processed food products
	NZ Group \$295m (2011)		250 (NZ group)	UK/Dutch; listed (Unilever)	1919	www.unilever.co.nz; www.unilever.com Group sells wide range of products and brands
	Total NZ \$185.2m (2011)		350 (Ci)	USA; private (Mars family)	NZ ~1988	www.masterfoods.co.nz; www.mars.com Ranges: spices, herbs, sauces, spreads
	\$147.1m (2011)		350 (Ci)	Singapore; listed (SIN: C20; Suntory 83%)	NZ 1984	www.cerebos.com.au; www.cerebos.com www.cerebos-export.com; www.suntory.com
	\$174.8m (2011)		350 (Ci)	NZ/Thailand; public (Supachok 29%; Mackenzie; others)	1934	Hansells Food Group (97884) www.hansells.co.nz; <a href="http://www.hansells.com">www.hansells.com</a>
	\$50-60m (Ce)		153 (Ci)	New Zealand; co-operative (Foodstuffs Group)	1912	www.belltea.co.nz; www.btcc.co.nz
	\$70m (2012; ws)	7%	220 (ws)	New Zealand; private (Carlyon; others)	1980	www.delmaine.co.nz 3 operations

## B. NON-GRAIN-BASED FOODS/OTHER FOODS – OTHER FOODS – KEY FIRMS

... continued

Key firms in the New Zealand other foods sector  
(2012 or as available)

	Turnover	% Export	Employees	Ownership	Year founded	Notes
<b>Other food products</b>						
	\$5m (Ce)		50-60 (Seasonal) (Ci)	New Zealand; private (Kelly family)	1963	No website; canning factory (fruit, berries, vegetable) Operates a factory at Whakatu, Hastings; USFDA registered
	\$50m (Ci)		170 (Ci)	New Zealand; private (Barker family)	1968	www.barkers.co.nz; www.anathoth.co.nz Jams, sauces, syrups, cake/pie fillings (sweet and savoury.) Includes Anathoth (acquired 2007) into WW Aus (May 2011) Uses over 1,000t /year of berry/stonefruit for processing
	\$63m (Ke)		110 (Ci)	New Zealand; private (Josephson 35%; others)	1982	www.ceres.co.nz Organic foods importer; primarily wholesale, some repack
	\$46.9m (2011)		40 Permanent/ 400 seasonal (Ci)	Japan; unclear (Imanaka Co Ltd)	1986	www.cedenco.co.nz; www.cendeco.com; www.imanaka.co.jp Processed F&V, IQF , powder, puree, paste
	\$32m (Ke)		40 (Ci)	New Zealand; co-operative (Foodstuffs South Island)	1990	www.foodstuffs-si.co.nz Packs/produces private label for Foodstuffs stores
	\$30.1m (2012)		60 (Ci)	USA; listed (NYSE: GIS)	n/a	www.genmills.com Brands include Betty Crocker, Frescarini & Old El Paso

## B. NON-GRAIN-BASED FOODS/OTHER FOODS – OTHER FOODS - INGREDIENTS – KEY FIRMS

There are a handful of firms in oils and fats at any scale; potato chips is effectively a duopoly of two firms and sugar has a single large manufacturer<sup>1</sup>

Key firms in the New Zealand non-grain-based foods/other foods sector  
(2012 or as available)

	Turnover	% Export	Employees	Ownership	Year founded	Notes
<b>Oils/fats</b>						
	NZ oil segment 42m <sup>2</sup> (2012)		2,200 (FTE,2012)	Australia; listed (ASX/NZX: GFF)	1968 ~1986	www.goodmanfielder.com.au Spreads: MeadowLea, OliveGrove, Logicol; Oils
	NZ Group \$295m <sup>3</sup> (2011)		250 (NZ group)	UK/Dutch; listed (Unilever)	1919	www.unilever.co.nz Margarine (Flora); oils (Bertolli) Group sells wide range of products and brands
	\$126.6m (2011)		105 (Ci)	Dutch/Swiss; foundation (Bakel family)	1980	www.beobakels.co.nz 1 factory (Tauranga); 36 solos; exports, 1 site in Timaru
<b>Potato chips/crisps</b>						
 	\$142.4m (2011)	~nil	680 (Ci)	USA; listed (NYSE: PEP)	1947 (NZ)	Pepsico New Zealand Holdings (1882013) www.bluebird.co.nz; www.pepsico.com Was GF; sold to Pepsico/Frito-Lay (global #1 potato chips) All beverages contract packed by Frucor
 	<i>Profiled under grain-based foods</i>					Griffins owns and manufactures ETA potato chip brand www.eta.co.nz
<b>Sugar</b>						
  	\$296.1m (2011)		180 (Ci)	75% Singapore; listed (SGX: F34; ASX: SGT) 25% Australia; co-operative (Mackay Sugar)	1884 (NZ)	New Zealand Sugar Company www.chelsea.co.nz; www.crsugar.com.au www.sucrogen.com; www.wilmar-international.com http://new.mkysugar.com.au CSR (Australia) recently sold sugar business to Wilmar (Sing.) Wilmar is world's largest producer of palm oil



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Quantitative Scorecard	Global market						Key NZ metrics					
	Major importing countries						2011	10y CAGR (01-11)				
<b>Export value (US\$m; 11)</b>	<b>Country</b>	<b>Import Share</b>	<b>Imports (US\$m)</b>	<b>5y CAGR (06-11)</b>	<b>5y ABS (06-11)</b>	<b>\$/kg (2011)</b>	# employed in processing	1,630	0%			
- NZ \$147.2m	World	100%	\$ 40,506	10%	\$ 15,864	\$ 4.21	# of enterprises	99	3%			
- Global \$42,563m	USA	12%	\$4,806	8%	\$ 1,537.8	\$ 3.55						
	Germany	10%	\$3,904	12%	\$ 1,732	\$ 4.93						
<b>5y CAGR (US\$; 06-11)</b>	France	8%	\$3,224	10%	\$ 1,217	\$ 4.56						
- NZ 7.4%	United Kingdom	6%	\$2,478	7%	\$ 690	\$ 4.63						
- Global 11.0%	Belgium	4%	\$1,588	8%	\$ 503	\$ 4.42						
<b>Absol 5y growth (06-11)</b>	Canada	4%	\$1,506	9%	\$ 524	\$ 4.43						
- NZ +\$44.1m	Russia	4%	\$1,457	19%	\$ 846	\$ 4.15						
- Global +\$17,359m	Italy	3%	\$1,078	9%	\$ 362	\$ 4.90						
	Poland	2%	\$ 996	15%	\$ 506	\$ 4.41						
	Japan	2%	\$ 920	7%	\$ 273	\$ 4.25						
	<b>Major exporting countries</b>						<b>New Zealand exports by destination</b>					
<b>\$/kg (US\$; 11)</b>	<b>Country</b>	<b>Export Share</b>	<b>Exports (US\$m)</b>	<b>5y CAGR (06-11)</b>	<b>5y ABS (06-11)</b>	<b>\$/kg (2011)</b>	<b>Country</b>	<b>Export Share</b>	<b>Exports (US\$m)</b>	<b>5y CAGR (06-11)</b>	<b>5y ABS (06-11)</b>	<b>\$/kg (2011)</b>
- NZ \$4.50	World	100%	\$ 42,563	11%	\$17,359	\$ 4.18	World	100%	\$147	7%	\$ 44	\$ 4.50
- Global \$4.18	Germany	14%	\$ 5,937	14%	\$ 2,868	\$ 5.06	Australia	90%	\$132	20%	\$ 78	\$ 4.54
	Netherlands <sup>1</sup>	11%	\$ 4,559	13%	\$ 1,750	\$ 4.55	Pakistan	2%	\$ 3	57%	\$ 3	\$ 2.70
<b>Global share of trade:</b>	Belgium	8%	\$ 3,322	7%	\$946	\$ 4.91	Singapore	2%	\$ 2	23%	\$ 2	\$ 3.19
- Top 3 importers 29%	France	6%	\$ 2,567	9%	\$928	\$ 4.97	United Kingdom	1%	\$ 2	3%	\$ 0	\$ 4.30
- Top 3 exporters 32%	USA	5%	\$ 1,984	12%	\$851	\$ 3.74	Philippines	1%	\$ 1	-13%	-\$1	\$ 6.49
- New Zealand export 0.3%	Italy	4%	\$ 1,694	13%	\$771	\$ 6.48						
	Canada	3%	\$ 1,467	5%	\$304	\$ 3.24						
	Malaysia	3%	\$ 1,357	19%	\$786	\$ 3.71						
	Poland	3%	\$ 1,355	17%	\$743	\$ 5.30						
	Mexico	3%	\$ 1,144	14%	\$561	\$ 2.36						
							<b>New Zealand imports</b>					
							Total	1%	\$277	15%	\$137	\$4.87



Quantitative Scorecard	Global market Major importing countries						Key NZ metrics		10y CAGR (01-11)			
	Country	Import Share	Imports (US\$m)	5y CAGR (06-11)	5y ABS (06-11)	\$/kg (2011)		2011				
<b>Export value (US\$m; 11)</b>							# employed in processing	690	0%			
- NZ \$33m	World	100%	\$ 3,203	9%	1,079	\$ 2.97	# of enterprises	22	1%			
- Global \$3,212m	United Kingdom	10%	\$329	6%	79	\$ 2.88						
	France	10%	\$323	11%	135	\$ 3.31						
<b>5y CAGR (US\$; 06-11)</b>	Germany	9%	\$287	10%	111	\$ 3.30						
- NZ 5%	Spain	7%	\$222	7%	66	\$ 3.48						
- Global 8%	Netherlands <sup>1</sup>	6%	\$180	9%	64	\$ 2.29						
<b>Absolute 5y growth (06-11)</b>	Italy	5%	\$174	14%	83	\$ 3.51						
- NZ +\$7m	Belgium	4%	\$116	2%	11	\$ 3.52						
- Global +\$1,032m	Denmark	4%	\$113	15%	56	\$ 3.30						
	Austria <sup>1</sup>	3%	\$ 94	7%	26	\$ 2.62						
	Portugal	3%	\$ 87	9%	29	\$ 2.94						
	Major exporting countries						New Zealand exports by destination					
<b>\$/kg (US\$; 11)</b>	Country	Export Share	Exports (US\$m)	5y CAGR (06-11)	5y ABS (06-11)	\$/kg (2011)	Country	Export Share	Exports (US\$m)	5y CAGR (06-11)	5y ABS (06-11)	\$/kg (2011)
- NZ \$3.93	World	100%	\$3,212	8%	1,032	\$ 3.22	World	100%	\$ 33	5%	\$ 7	\$ 3.39
- Global \$3.22	France	14%	\$ 454	2%	47	\$ 3.98	Australia	42%	\$ 14	6%	\$ 3	\$ 4.68
	Germany	14%	\$ 448	9%	150	\$ 3.42	Japan	34%	\$ 11	2%	\$ 1	\$ 2.76
<b>Global share of trade:</b>	Italy	11%	\$ 353	10%	138	\$ 4.61	China	5%	\$ 2	15%	\$ 1	\$ 3.41
- Top 3 importers 29%	Belgium	10%	\$ 332	1%	11	\$ 3.14	Tonga	3%	\$ 1.0	13%	\$ 0	\$ 2.36
- Top 3 exporters 39%	Netherlands <sup>1</sup>	5%	\$ 167	24%	95	\$ 3.01	Singapore	3%	\$ 0.9	33%	\$ 1	\$ 2.85
- New Zealand export 1%	UK	4%	\$ 139	8%	46	\$ 2.89						
	Spain <sup>1</sup>	4%	\$ 128	1%	6	\$ 3.64						
	Hungary	4%	\$ 119	27%	83	\$ 3.39						
	Iran <sup>1</sup>	3%	\$ 100	64%	86	\$ 2.00						
	USA	3%	\$95	9%	32	\$ 2.43						
							New Zealand imports					
							Total	1%	\$18	14%	\$9	\$4.27



Quantitative Scorecard	Global market						Key NZ metrics					
	Major importing countries						2011	10y CAGR (01-11)				
<b>Export value (US\$m; 11)</b>	<b>Country</b>	<b>Import Share</b>	<b>Imports (US\$m)</b>	<b>5y CAGR (06-11)</b>	<b>5y ABS (06-11)</b>	<b>\$/kg (2011)</b>	# employed in processing	750	2%			
- NZ \$105m	World	100%	\$24,829	9%	8,678	\$ 2.92	# of enterprises	19	0%			
- Global \$25,473m	USA	13%	\$ 3,157	8%	969	\$ 3.34						
	France	8%	\$ 2,083	8%	664	\$ 3.34						
<b>5y CAGR (US\$; 06-11)</b>	United Kingdom	8%	\$ 1,958	5%	447	\$ 3.32						
- NZ 10%	Germany	8%	\$ 1,949	6%	520	\$ 3.31						
- Global 9%	Canada	5%	\$ 1,166	11%	475	\$ 3.42						
<b>Absolute 5y growth (06-11)</b>	Belgium	4%	\$ 1,103	8%	364	\$ 3.19						
- NZ +\$39m	Netherlands <sup>1</sup>	3%	\$841	9%	239	\$ 2.13						
- Global +\$8,901m	Italy	3%	\$809	7%	237	\$ 3.44						
	Spain <sup>1</sup>	3%	\$636	2%	47	\$ 2.87						
	Austria	2%	\$592	9%	167	\$ 3.24						
	Major exporting countries						New Zealand exports by destination					
<b>\$/kg (US\$; 11)</b>	<b>Country</b>	<b>Export Share</b>	<b>Exports (US\$m)</b>	<b>5y CAGR (06-11)</b>	<b>5y ABS (06-11)</b>	<b>\$/kg (2011)</b>	<b>Country</b>	<b>Export Share</b>	<b>Exports (US\$m)</b>	<b>5y CAGR (06-11)</b>	<b>5y ABS (06-11)</b>	<b>\$/kg (2011)</b>
- NZ \$3.71	World	100%	\$25,473	9%	8,902	\$ 3.00	World	100%	\$105	10%	\$ 39	\$ 3.71
- Global \$3.00	Germany	15%	\$ 3,787	8%	1,253	\$ 3.24	Australia	83%	\$ 87	12%	\$ 38	\$ 3.82
	Belgium	8%	\$ 1,989	6%	526	\$ 3.54	United Kingdom	5%	\$ 5	-6%	-\$ 2	\$ 3.25
<b>Global share of trade:</b>	Italy	7%	\$ 1,837	6%	436	\$ 4.54	Japan	3%	\$ 3	-9%	-\$ 2	\$ 4.05
- Top 3 importers 29%	France	7%	\$ 1,783	7%	500	\$ 3.20	Singapore	1%	\$ 1.3	51%	\$ 1	\$ 2.20
- Top 3 exporters 30%	Canada	6%	\$ 1,570	9%	529	\$ 3.61	French Polynesia	1%	\$ 1.0	10%	\$ 0	\$ 3.50
- New Zealand export 0.4%	USA	6%	\$ 1,556	13%	711	\$ 2.93						
	Netherlands <sup>1</sup>	5%	\$ 1,173	7%	293	\$ 3.13						
	UK	4%	\$ 1,121	5%	248	\$ 3.46						
	Poland	3%	\$774	9%	272	\$ 3.04						
	Mexico	3%	\$644	13%	287	\$ 2.04						
							New Zealand imports					
							Total	1%	\$ 159	12%	\$67	\$ 3.78

### Key NZ firms



Quantitative Scorecard	Global market Major importing countries						Key NZ metrics						
	Country	Import Share	Imports (US\$m)	5y CAGR (06-11)	5y ABS (06-11)	\$/kg (2011)	2011	10y CAGR (01-11)					
<b>Export value (US\$m; 11)</b>													
- NZ \$27m	World	100%	\$ 5,325	9%	1,840	\$ 2.69	# employed in processing	770	7%				
- Global \$5,781m	USA	12%	\$ 618	11%	249	\$ 2.84	# of enterprises	19	0%				
	Canada	8%	\$ 424	9%	149	\$ 2.47	<b>Key NZ firms</b>						
	Italy	7%	\$ 388	6%	91	\$ 6.05							
<b>5y CAGR (US\$; 06-11)</b>													
- NZ 20%	France	7%	\$ 367	6%	92	\$ 2.84							
- Global 10%	United Kingdom	6%	\$ 294	10%	110	\$ 2.76							
	Germany	5%	\$ 255	11%	106	\$ 1.91							
<b>Absolute 5y growth (06-11)</b>	Spain <sup>1</sup>	4%	\$ 209	7%	48	\$ 2.74							
- NZ +\$16m	Ireland	3%	\$ 174	3%	25	\$ 4.53							
- Global +\$2,198m	Belgium	3%	\$ 166	5%	36	\$ 2.78							
	Netherlands <sup>1</sup>	2%	\$ 111	7%	26	\$ 2.30							
<b>\$/kg (US\$; 11)</b>	<b>Major exporting countries</b>									<b>New Zealand exports by destination</b>			
- NZ \$3.98	World	100%	\$ 5,781	10%	2,199	\$2.36	Country	Export Share	Exports (US\$m)	5y CAGR (06-11)	5y ABS (06-11)	\$/kg (2011)	
- Global \$2.36	Germany	12%	\$ 699	7%	190	\$3.15	World	100%	\$ 27	20%	\$ 16	\$ 3.98	
	UK	11%	\$ 609	1%	35	\$3.88	Australia	89%	\$ 24	21%	\$ 15	\$ 4.14	
<b>Global share of trade:</b>	USA	10%	\$ 566	8%	183	\$1.99	Fiji	3%	\$ 1	0%	-\$ 0	\$ 2.19	
- Top 3 importers 27%	France	10%	\$ 564	7%	167	\$3.81	Cook Isds	2%	\$ 0.5	7%	\$ 0	\$ 4.14	
- Top 3 exporters 32%	Canada	6%	\$ 375	3%	51	\$2.66	Singapore	2%	\$ 0.4	43%	\$ 0	\$ 3.14	
- New Zealand export 1%	China	6%	\$ 327	28%	233	\$1.93	Samoa	1%	\$ 0.2	9%	\$ 0	\$ 2.83	
	Spain	5%	\$ 264	15%	115	\$3.49	<b>New Zealand imports</b>						
	Mexico	5%	\$ 263	24%	174	\$2.74							
	Belgium	4%	\$ 250	8%	80	\$2.86	Total	1%	\$55	12%	\$20	\$3.52	
	Poland	4%	\$ 234	23%	152	\$2.67							

Quantitative Scorecard	Global market Major importing countries						Key NZ metrics		10y CAGR (01-11)			
	Country	Import Share	Imports (US\$m)	5y CAGR (06-11)	5y ABS (06-11)	\$/kg (2011)		2011				
<b>Export value (US\$m; 11)</b>							# employed in processing	N/A	N/A			
- NZ \$17m	World	100%	\$ 6,920	10%	2,602	\$ 1.55	# of enterprises	N/A	N/A			
- Global \$7,921m	USA	11%	\$776	7%	221	\$ 2.00						
	Germany	10%	\$722	8%	221	\$ 1.48						
<b>5y CAGR (US\$; 06-11)</b>	France	9%	\$635	11%	251	\$ 1.59						
- NZ 2%	United Kingdom	8%	\$533	9%	187	\$ 1.41	<b>Key NZ firms</b>					
- Global 11%	Japan	6%	\$383	6%	101	\$ 1.99	 					
	Canada	6%	\$381	10%	144	\$ 1.94						
<b>Absolute 5y growth (06-11)</b>	Belgium	3%	\$215	6%	58	\$ 1.87						
- NZ +\$2m	Hong Kong SAR	3%	\$205	11%	86	\$ 1.50						
- Global +\$3,265m	Netherlands <sup>1</sup>	2%	\$163	8%	43	\$ 1.72						
	Australia	2%	\$160	14%	76	\$ 1.50						
	Major exporting countries						New Zealand exports by destination					
<b>\$/kg (US\$; 11)</b>	Country	Export Share	Exports (US\$m)	5y CAGR (06-11)	5y ABS (06-11)	\$/kg (2011)	Country	Export Share	Exports (US\$m)	5y CAGR (06-11)	5y ABS (06-11)	\$/kg (2011)
- NZ \$1.48	World	100%	\$ 7,921	11%	3,265	\$1.54	World	100%	\$ 17	2%	\$ 2	\$ 1.48
- Global \$1.54	Italy	35%	\$ 2,735	9%	976	\$1.45	Australia	88%	\$ 15	0%	\$ 0	\$ 1.41
	China	9%	\$ 750	9%	257	\$1.53	United Kingdom	5%	\$ 1	99%	\$ 1	\$ 6.68
<b>Global share of trade:</b>	USA	4%	\$ 343	10%	131	\$1.76	Cook Isds	2%	\$ 0	9%	\$ 0	\$ 2.40
- Top 3 importers 31%	Thailand	4%	\$ 323	26%	220	\$2.49	Samoa	2%	\$ 0.3	14%	\$ 0	\$ 1.90
- Top 3 exporters 48%	Belgium	4%	\$ 315	6%	76	\$2.26	American Samoa	1%	\$ 0.2	21%	\$ 0	\$ 1.38
- New Zealand export 0.2%	Rep. of Korea	4%	\$ 290	12%	124	\$3.41						
	Turkey	4%	\$ 285	29%	205	\$0.71	<b>New Zealand imports</b>					
	France	3%	\$ 216	9%	78	\$2.23	Total	1%	\$57	9%	\$19	\$1.83
	Germany	3%	\$ 207	11%	86	\$2.32						
	Canada	2%	\$ 183	6%	45	\$3.07						

Quantitative Scorecard	Global market Major importing countries						Key NZ metrics					
	Country	Import Share	Imports (US\$m)	5y CAGR (06-11)	5y ABS (06-11)	\$/kg (2011)	2011	10y CAGR (01-11)				
<b>Export value (US\$m; 11)</b>							# employed in processing	N/A	N/A			
- NZ \$139m	World	100%	\$11,955	9%	4,307	\$ 2.57	# of producers	N/A	N/A			
- Global \$12,262m	USA	10%	\$ 1,139	6%	297	\$ 1.82						
	United Kingdom	9%	\$ 1,115	9%	390	\$ 2.06						
<b>5y CAGR (US\$; 06-11)</b>	France	6%	\$ 746	11%	305	\$ 2.25						
- NZ 6%	Germany	6%	\$ 690	10%	256	\$ 2.55						
- Global 10%	Canada	5%	\$ 609	10%	232	\$ 1.74						
<b>Absolute 5y growth (06-11)</b>	Netherlands <sup>1</sup>	3%	\$ 411	9%	120	\$ 2.20						
- NZ +\$37m	Japan	3%	\$ 376	7%	104	\$ 2.83						
- Global +\$4,759m	Mexico	3%	\$ 352	0%	- 6	\$ 2.30						
	Australia	3%	\$ 348	12%	149	\$ 1.85						
	Belgium	3%	\$ 346	6%	85	\$ 2.54						
	Major exporting countries						New Zealand exports by destination					
<b>\$/kg (US\$; 11)</b>	Country	Export Share	Exports (US\$m)	5y CAGR (06-11)	5y ABS (06-11)	\$/kg (2011)	Country	Export Share	Exports (US\$m)	5y CAGR (06-11)	5y ABS (06-11)	\$/kg (2011)
- NZ \$2.52	World	100%	\$ 12,262	10%	4,759	\$2.32	World	100%	\$139	6%	\$ 37	\$ 2.52
- Global \$2.32	USA	12%	\$1,461	8%	484	\$1.79	Australia	69%	\$ 97	10%	\$ 36	\$ 2.82
	Germany	8%	\$1,041	10%	386	\$3.12	Japan	27%	\$ 38	2%	\$ 4	\$ 1.97
<b>Global share of trade:</b>	Netherlands <sup>1</sup>	8%	\$ 944	6%	187	\$1.97	Cook Isds	0%	\$ 1	4%	\$ 0	\$ 3.91
- Top 3 importers 25%	China	6%	\$ 689	17%	371	\$1.56	Rep. of Korea	0%	\$ 0.4	3%	\$ 0	\$ 2.11
- Top 3 exporters 28%	Italy	6%	\$ 677	11%	269	\$3.23	Hong Kong SAR	0%	\$ 0.3	25%	\$ 0	\$ 2.20
- New Zealand export 1%	Thailand	4%	\$ 536	19%	312	\$2.11						
	France	4%	\$ 504	10%	197	\$3.06						
	Belgium	4%	\$ 459	9%	167	\$2.66						
	Spain <sup>1</sup>	4%	\$ 454	11%	158	\$2.09						
	Canada	4%	\$ 439	2%	44	\$2.02						
							New Zealand imports					
							Total	1%	\$102	9%	\$ 34.6	\$2.40



Quantitative Scorecard		Global market Major importing countries					Key NZ metrics		Amount (as available)		CAGR (as available)		
<b>Export value (US\$m; 11)</b>		<b>Country</b>	<b>Import Share</b>	<b>Imports (US\$m)</b>	<b>5y CAGR (06-11)</b>	<b>5y ABS (06-11)</b>	<b>\$/kg (2011)</b>	# of potato growers	234 (11)	-5% (97-11)			
- NZ	\$71.5m	World	100%	\$ 5,149	10%	\$1,916	\$ 1.00	Planted potato area (ha)	10,720 (11)	-2% (97-11)			
- Global	\$5,457m	USA	14%	\$ 699	4%	\$113	\$ 0.95	# employed in processing	est. 1,000 (?)	N/A			
<b>5y CAGR (US\$; 06-11)</b>		Japan	8%	\$ 418	8%	\$135	\$ 1.30	# of manufacturers	est. 5+	N/A			
- NZ	7%	France	9%	\$ 488	9%	\$164	\$ 0.91	<b>Key NZ firms</b>					
- Global	9%	United Kingdom	9%	\$ 472	10%	\$176	\$ 0.99						
<b>Absolute 5y growth (06-11)</b>		Italy	6%	\$ 285	9%	\$100	\$ 1.24						
- NZ	+\$21.5m	Netherlands	5%	\$ 245	35%	\$172	\$ 0.77						
- Global	+\$1,918m	Germany	5%	\$ 266	7%	\$72	\$ 1.10						
		Brazil	4%	\$ 216	25%	\$145	\$ 0.93						
		Mexico	2%	\$ 127	3%	\$20	\$ 1.08	<b>New Zealand exports by destination</b>					
		Saudi Arabia <sup>1</sup>	2%	\$ 108	13%	\$41	\$ 0.87	<b>Country</b>	<b>Export Share</b>	<b>Exports (US\$m)</b>	<b>5y CAGR (06-11)</b>	<b>5y ABS (06-11)</b>	<b>\$/kg (2011)</b>
<b>\$/kg (US\$; 11)</b>		<b>Major exporting countries</b>											
- NZ	\$0.95	<b>Country</b>	<b>Export Share</b>	<b>Exports (US\$m)</b>	<b>5y CAGR (06-11)</b>	<b>5y ABS (06-11)</b>	<b>\$/kg (2011)</b>	World	100%	\$ 71	7%	\$ 21	\$ 0.95
- Global	\$0.96	World	100%	\$ 5,457	9%	\$1,918	\$ 0.96	Australia	68%	\$ 49	12%	\$ 22	\$ 0.91
<b>Global share of trade:</b>		Netherlands <sup>1</sup>	23%	\$ 1,259	8%	\$320	\$ 0.90	Thailand	8%	\$ 6	16%	\$ 3	\$ 1.07
- Top 3 importers	31%	Belgium	23%	\$ 1,239	16%	\$642	\$ 0.89	Japan	6%	\$ 4	8%	\$ 1	\$ 0.99
- Top 3 exporters	61%	Canada	15%	\$ 845	3%	\$122	\$ 0.94	Papua New Guinea	6%	\$ 4	39%	\$ 3	\$ 1.08
- New Zealand export	1%	USA	16%	\$ 891	12%	\$389	\$ 1.07	French Polynesia	4%	\$ 3	10%	\$ 1	\$ 1.16
		France	7%	\$ 390	7%	\$111	\$ 1.06	<b>New Zealand imports</b>					
		Germany	4%	\$ 204	8%	\$64	\$ 0.97	<b>Total</b>	0.4%	\$22	22%	\$12	\$1.62
		Argentina	3%	\$ 166	16%	\$87	\$ 1.03						
		Poland	2%	\$ 125	12%	\$ 53	\$ 0.95						
		New Zealand	1%	\$71	7%	\$21	\$ 0.95						
		UK	1%	\$50	4%	\$8	\$ 1.78						

Quantitative Scorecard	Global market Major importing countries						Key NZ metrics		10y CAGR (01-11)			
	Country	Import Share	Imports (US\$m)	5y CAGR (06-11)	5y ABS (06-11)	\$/kg (2011)		2011				
<b>Export value (US\$m; 11)</b>							# employed in processing	N/A	N/A			
- NZ \$30m	World	100%	\$ 2,122	9%	762	\$ 1.94	# of enterprises	N/A	N/A			
- Global \$2,674m	France	10%	\$ 206	10%	80	\$ 1.99						
	USA	10%	\$ 207	12%	91	\$ 1.97						
<b>5y CAGR (US\$; 06-11)</b>	Germany	10%	\$ 210	9%	74	\$ 2.44						
- NZ 18%	United Kingdom	7%	\$ 148	9%	51	\$ 2.71						
- Global 9%	Russian	6%	\$ 118	9%	41	\$ 1.12						
	Italy	4%	\$ 77	8%	25	\$ 2.68						
<b>Absolute 5y growth (06-11)</b>	Netherlands <sup>1</sup>	3%	\$ 61	3%	7	\$ 2.30						
- NZ +\$22m	Belgium	3%	\$ 60	4%	10	\$ 2.61						
- Global +\$961m	Australia	3%	\$ 60	15%	30	\$ 2.35						
	Japan	3%	\$ 59	2%	7	\$ 3.06						
	Major exporting countries						New Zealand exports by destination					
<b>\$/kg (US\$; 11)</b>	Country	Export Share	Exports (US\$m)	5y CAGR (06-11)	5y ABS (06-11)	\$/kg (2011)	Country	Export Share	Exports (US\$m)	5y CAGR (06-11)	5y ABS (06-11)	\$/kg (2011)
- NZ \$3.17	World	100%	\$ 2,674	9%	961	\$ 1.81	World	100%	\$ 30	18%	\$ 17	\$ 3.17
- Global \$1.81	France	13%	\$ 341	7%	95	\$ 3.79	Australia	83%	\$ 25	22%	\$ 16	\$ 3.04
	Turkey	8%	\$ 218	7%	60	\$ 4.72	USA	7%	\$ 2	13%	\$ 1	\$ 4.48
<b>Global share of trade:</b>	Germany	8%	\$ 209	8%	66	\$ 2.94	Malaysia	3%	\$ 1	17%	\$ 1	\$ 3.93
- Top 3 importers 29%	Belgium	7%	\$ 187	11%	76	\$ 2.37	Taiwan	1%	\$0.4	18%	\$ 0	\$ 2.88
- Top 3 exporters 33%	Italy	6%	\$ 163	13%	73	\$ 1.78	Japan	1%	\$0.3	-5%	-\$ 0	\$ 7.93
- New Zealand export 1.1%	Chile	6%	\$ 160	20%	96	\$ 1.02						
	China	3%	\$ 93	8%	31	\$ 1.11						
	Iran <sup>1</sup>	3%	\$ 83	61%	75	\$ 2.54						
	India	3%	\$ 76	22%	48	\$ 1.22						
	Spain <sup>1</sup>	3%	\$ 74	7%	22	\$ 0.92						
							New Zealand imports					
							Total	1%	\$ 11.6	13%	\$5.4	\$ 1.71

Key NZ firms





Quantitative Scorecard	Global market Major importing countries						Key NZ metrics			2011	10y CAGR (01-11)	
	<b>Export value (US\$m; 11)</b>	<b>Country</b>	<b>Import Share</b>	<b>Imports (US\$m)</b>	<b>5y CAGR (06-11)</b>	<b>5y ABS (06-11)</b>	<b>\$/kg (2011)</b>	# employed in processing	890	8%		
- NZ \$189m	World	100%	\$ 26,856	9%	9,789	\$1.13	# of enterprises	76	1%			
- Global \$26,618m	Germany	8%	\$2,103	7%	572	\$0.99	<b>Key NZ firms</b> 					
<b>5y CAGR (US\$; 06-11)</b>	China	8%	\$2,028	13%	942	\$1.42						
- NZ 9%	Japan	6%	\$1,600	4%	278	\$2.07						
- Global 11%	United Kingdom	5%	\$1,306	4%	234	\$1.15						
<b>Absolute 5y growth (06-11)</b>	USA	5%	\$1,260	14%	593	\$1.45						
- NZ +\$66m	France	4%	\$1,159	10%	450	\$1.12						
- Global +\$10,552m	Italy	4%	\$1,092	5%	247	\$1.36						
<b>\$/kg (US\$; 11)</b>	Belgium	4%	\$1,072	8%	327	\$0.85						
- NZ \$1.04	Canada	3%	\$ 899	9%	322	\$1.60						
- Global \$1.07	Netherlands <sup>1</sup>	3%	\$ 858	6%	203	\$0.59						
<b>Global share of trade:</b>	Major exporting countries						New Zealand exports by destination					
- Top 3 importers 21%	<b>Country</b>	<b>Export Share</b>	<b>Exports (US\$m)</b>	<b>5y CAGR (06-11)</b>	<b>5y ABS (06-11)</b>	<b>\$/kg (2011)</b>	<b>Country</b>	<b>Export Share</b>	<b>Exports (US\$m)</b>	<b>5y CAGR (06-11)</b>	<b>5y ABS (06-11)</b>	<b>\$/kg (2011)</b>
- Top 3 exporters 30%	World	100%	\$ 26,618	11%	10,552	\$1.07	World	100%	\$189	9%	\$ 66	\$ 1.04
- New Zealand export 1%	USA	11%	\$ 2,811	8%	932	\$1.15	USA	21%	\$ 39	21%	\$ 24	\$ 1.22
	Germany	10%	\$ 2,631	13%	1,187	\$0.87	Australia	19%	\$ 36	17%	\$ 20	\$ 2.51
	Netherlands <sup>1</sup>	10%	\$ 2,597	5%	593	\$0.79	Indonesia	16%	\$ 30	5%	\$ 6	\$ 0.52
	France	9%	\$ 2,446	7%	670	\$1.31	China	9%	\$ 17	-2%	-\$ 2	\$ 1.21
	Peru	7%	\$ 1,886	10%	705	\$1.31	Japan	7%	\$ 13	1%	\$ 1	\$ 1.74
	Belgium	6%	\$ 1,561	18%	887	\$0.99	<b>New Zealand imports</b>					
	China	6%	\$ 1,508	39%	1,216	\$1.77						
	UK	4%	\$ 1,029	12%	448	\$1.19						
	Thailand	4%	\$ 1,022	13%	455	\$1.63						
	Denmark	4%	\$ 996	3%	156	\$1.52	Total	1%	\$174	19%	\$99	\$1.59



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## @ HS6 LEVEL

Processed foods covers 76 (6 digit) trade categories, total export value is \$1.7b (major categories highlighted)

New Zealand processed food export value and value growth  
(US\$m; nominal non-inflation-adjusted; 2001-2011)

HS Code	Classification	Export value (US\$m; 2011)	CAGR export value		Absolute value growth		\$/unit (2011)	10y CAGR \$/unit
			10y	5y	10y	5y		
170410	Chewing gum	\$ 0.2	-2%	-38%	-\$ 0.1	-\$ 1.8	\$ 10.68	12.5%
170490	Sugar confectionery not chewing gum,(incl white chocolate)	\$ 60.0	25%	13%	\$ 53.6	\$ 27.3	\$ 4.53	11.1%
180310	Cocoa paste, not defatted	\$ 0.1		379%	\$ 0.1	\$ 0.1	\$ 5.11	
180500	Cocoa powder, not containing added sugar or other sweetener	\$ 0.2	9%	14%	\$ 0.2	\$ 0.1	\$ 4.29	13.1%
180610	Cocoa powder, sweetened	\$ 0.1	12%	5%	\$ 0.1	\$ 0.0	\$ 5.99	11.7%
180620	Chocolate and other food preps containing cocoa, > 2 kg	\$ 27.2	7%	-6%	\$ 12.9	-\$ 10.2	\$ 2.44	3.1%
180690	Chocolate, etc, containing cocoa, not in blocks	\$ 37.1	15%	14%	\$27.5	\$17.7	\$8.01	10.6%
180631	Chocolate, cocoa preps, block, slab, bar, filled, >2kg	\$ 5.1	41%	15%	\$ 4.9	\$ 2.5	\$ 7.47	10.4%
180632	Chocolate, cocoa prep, block/slab/bar, not filled, >2kg	\$ 17.3	3%	14%	\$ 4.2	\$ 8.4	\$ 5.93	9.0%
190120	Mixes and doughs for preparation of bakers' wares	\$ 9.9	11%	23%	\$ 6.5	\$ 6.4	\$ 2.15	5.9%
190110	Infant foods of cereals, flour, starch or milk, retail	\$223.7	51%	24%	\$ 220.0	\$149	\$7.86	14.6%
190190	Malt Extract & cocoa pastry products nes (Infant formula/nutrit shake ingred)	\$295.7	33%	9%	\$ 278.9	\$ 104.6	\$ 4.20	11.5%
190211	Uncooked pasta containing eggs not stuffed	\$ 0.2	21%	27%	\$ 0.1	\$ 0.1	\$ 1.89	7.9%
190219	Uncooked pasta, not containing eggs, not stuffed	\$ 0.1	4%	35%	\$ 0.0	\$ 0.1	\$ 2.36	11.8%
190220	Stuffed pasta (whether or not cooked)	\$ 0.1	-1%	-38%	-\$ 0.1	-\$ 0.9	\$ 1.85	7.4%
190230	Other pasta, cooked nes (canned spaghetti)	\$ 16.9	8%	3%	\$ 9.1	\$ 2.3	\$ 1.47	11.4%
190240	Couscous	\$ 0.0	50%	33%	\$ 0.0	\$ 0.0	\$ 2.67	19.4%
190300	Tapioca and substitutes prepared from starch	\$ 0.1	18%	38%	\$ 0.0	\$ 0.1	\$ 1.56	10.3%
190410	Cereal foods obtained by swelling, roasting of cereal	\$ 8.4	22%	18%	\$ 7.3	\$ 4.7	\$ 3.61	10.4%
190420	Prepared food from unroasted cereal flakes	\$ 14.3	26%	31%	\$ 12.9	\$ 10.6	\$ 4.06	6.0%
190490	Prepared cereals in grain form (excl. maize)	\$ 3.9	10%	3%	\$ 2.4	\$ 0.6	\$ 4.61	8.5%

New Zealand processed food export value and value growth  
(US\$m; nominal non-inflation-adjusted; 2001-2011)

HS Code	Classification	Export value (US\$m; 2011)	CAGR export value		Absolute value growth		\$/unit (2011)	10y CAGR \$/unit
			10y	5y	10y	5y		
190510	Crispbread	\$ 0.0	10%	30%	\$ 0.0	\$ 0.0	\$2.59	3.6%
190520	Gingerbread and the like	\$ 0.0	47%	206%	\$0.0	\$ 0.0	\$5.16	-0.9%
190530	Sweet biscuits; waffles and wafers	\$ 34.1	20%	21%	\$28.4	\$21.2	\$4.66	7.9%
190540	Rusks, toasted bread and similar toasted products	\$ 0.1	26%	-10%	\$ 0.1	-\$ 0.0	\$2.92	3.1%
190590	Communion wafers, rice paper, bakers wares nes	\$ 70.7	15%	6%	\$54.0	\$17.7	\$3.38	12.7%
200110	Cucumbers and gherkins, preserved by vinegar	\$ 0.3	42%	62%	\$ 0.2	\$ 0.3	\$1.90	15.2%
200190	Other vegetables, fruits, etc, preserved by vinegar	\$ 1.2	51%	67%	\$ 1.2	\$ 1.1	\$6.95	16.4%
200290	Tomatoes, preserved otherwise than by vinegar	\$ 2.1	26%	12%	\$ 1.9	\$ 0.9	\$1.01	8.1%
200310	Mushrooms, preserved otherwise than by vinegar	\$ 0.0	4%	1%	\$ 0.0	\$ 0.0	\$3.58	6.7%
200320	Truffles, prepared or preserved otherwise than vinegar	\$ 0.0			\$ 0.0	-\$ 0.0	\$42.94	
200410	Potatoes, preserved other than by vinegar or acetic acid	\$ 71.5	13%	7%	\$50.0	\$21.5	\$0.95	5.6%
200490	Other vegetables preserved other than by vinegar	\$ 5.6	20%	10%	\$ 4.7	\$ 5.6	\$2.68	7.2%
200520	Potatoes, preserved other than by vinegar or acetic acid	\$ 8.8	20%	47%	\$ 7.3	\$ 7.5	\$4.90	19.6%
200540	Peas, preserved other than by vinegar or acetic acid	\$ 1.6	21%	44%	\$ 1.4	\$ 1.4	\$1.48	9.9%
200551	Shelled beans, preserved other than by vinegar	\$ 25.8	8%	4%	\$14.2	\$ 4.7	\$0.95	7.3%
200559	Beans, unshelled, preserved other than by vinegar	\$ 0.1	12%	-1%	\$ 0.1	-\$ 0.0	\$2.70	8.7%
200560	Asparagus, preserved other than by vinegar or acetic acid	\$ 0.4	-15%	-25%	-\$ 1.5	-\$ 1.1	\$2.52	5.2%
200570	Olives, preserved other than by vinegar or acetic acid	\$ 0.0	16%	18%	\$ 0.0	\$ 0.0	\$4.21	12.7%
200580	Sweetcorn, preserved other than by vinegar or acetic acid	\$ 6.2	43%	62%	\$ 6.0	\$ 5.6	\$1.32	8.6%
200590	Vegetables preserved other than by vinegar, etc.	\$ 1.7	15%	11%	\$ 1.3	\$ 0.7	\$1.98	8.9%

Biscuits/  
Baked Goods

Frozen French Fries

New Zealand processed food export value and value growth  
(US\$m; nominal non-inflation-adjusted; 2001-2011)

HS Code	Classification	Export value (US\$m; 2011)	CAGR export value		Absolute value growth		\$/unit (2011)	10y CAGR \$/unit
			10y	5y	10y	5y		
200600	Fruit, nuts, fruit-peel and other parts of plan	\$ 0.1	-4%	-9%	-\$ 0.0	-\$ 0.0	\$1.83	2.0%
200710	Jams, fruit jellies, marmalades, etc, homogenized	\$ 0.1	-2%	-5%	-\$ 0.0	-\$ 0.0	\$3.66	9.3%
200791	Jams, fruit jellies, marmalades, etc. of citrus	\$ 3.6	34%	58%	\$ 3.4	\$ 3.2	\$1.74	2.6%
200799	Other jams, purees, pastes, except citrus	\$ 26.2	11%	16%	\$16.7	\$13.6	\$3.57	5.4%
200811	Ground-nuts, preserved	\$ 0.3	14%	29%	\$ 0.2	\$ 0.2	\$3.21	11.9%
200819	Nuts and seeds including mixtures, preserved	\$ 0.9	29%	25%	\$ 0.8	\$ 0.6	\$6.14	11.1%
200820	Pineapples, prepared or preserved (excl. those in 2007)	\$ 0.2	11%	14%	\$ 0.1	\$ 0.1	\$1.39	10.3%
200830	Citrus fruit, prepared or preserved (excl. those in 2007)	\$ 0.1	49%	112%	\$ 0.1	\$ 0.1	\$6.47	8.0%
200840	Pears, prepared or preserved (excl. those of 2007)	\$ 0.2	6%	11%	\$ 0.1	\$ 0.1	\$0.80	4.7%
200850	Apricots, prepared or preserved (exexcl. those in 2007)	\$ 0.8	56%	148%	\$ 0.8	\$ 0.8	\$6.34	17.8%
200860	Cherries, prepared or preserved (excl. those in 2007)	\$ 0.2	96%	149%	\$ 0.2	\$ 0.2	\$8.18	15.0%
200870	Peaches, prepared or preserved (excl. those in 2007)	\$ 0.5	14%	38%	\$ 0.4	\$ 0.4	\$3.01	15.6%
200880	Strawberries, prepared or preserved (excl. those in 2007)	\$ 1.5	46%	66%	\$ 1.5	\$ 1.4	\$6.36	18.0%
200892	Mixtures of fruit, nuts & other edible plants prepared or preserved	\$ 6.7	10%	33%	\$ 4.0	\$ 5.1	\$5.93	14.9%
200899	Other fruit, etc, prepared or preserved, nes	\$17.4	13%	16%	\$12.0	\$ 9.0	\$ 1.68	11.4%
210111	Extracts of tea, coffee, mate	\$ 2.1	21%	44%	\$ 2.0	\$ 2.0	\$ 3.66	3.6%
210112	Coffee prep. of extracts	\$ 0.5	35%	126%	\$ 0.4	\$ 0.5	\$10.26	8.7%
210120	Extracts, essences, concentrates and preparations	\$ 0.2	91%	-5%	\$ 0.2	-\$ 0.1	\$3.70	-4.2%
210210	Active yeasts	\$ 0.2	1%	15%	\$ 0.0	\$ 0.1	\$2.83	1.3%
210220	Inactive yeasts; other single-cell micro-organisms	\$ 0.0	11%	-12%	\$ 0.0	-\$ 0.0	\$9.15	9.9%
210230	Prepared baking powders	\$ 0.1	6%	8%	\$ 0.0	\$ 0.0	\$2.62	9.1%

New Zealand processed food export value and value growth  
(US\$m; nominal non-inflation-adjusted; 2001-2011)

HS Code	Classification	Export value (US\$m; 2011)	CAGR export value		Absolute value growth		\$/unit (2011)	10y CAGR \$/unit
			10y	5y	10y	5y		
210310	Soya sauce	\$ 0.1	-5%	-12%	-\$ 0.0	-\$ 0.1	\$3.66	10.4%
210320	Tomato ketchup and other tomato sauces	\$ 1.1	6%	11%	\$ 0.5	\$ 0.4	\$1.91	9.3%
210330	Mustard flour and meal, prepared mustard	\$ 0.2	27%	27%	\$ 0.2	\$ 0.2	\$1.96	0.5%
210390	Sauces and sauce preparations; mixed condiments	\$ 70.7	1%	3%	\$ 9.4	\$10.6	\$2.41	6.0%
210410	Soups and broths and preparations	\$ 58.4	12%	9%	\$39.8	\$21.1	\$2.59	10.1%
210420	Homogenized composite food preparations	\$ 8.5	13%	19%	\$ 6.1	\$ 4.9	\$3.48	9.2%
210500	Ice cream and other edible ice	\$ 32.9	8%	5%	\$18.3	\$ 7.1	\$3.39	9.8%
210610	Protein concentrates and textured protein substance	\$ 3.2	15%	18%	\$ 2.4	\$ 1.8	\$8.81	17.1%
201690	Foods nec (nutraceuticas and innovative foods)	\$348.3	18%	2%	\$ 279.1	\$ 33.8	\$6.47	12.9%
230110	Flour or meal, pellet of meat or offal for animal feed	\$ 91.4	10%	13%	\$57.3	\$41.6	\$0.72	11.5%
230120	Flours, meals and pellets of fish, etc, for animal feed	\$ 29.4	3%	5%	\$ 7.8	\$ 5.9	\$1.70	8.3%
230910	Dog or cat feed (retail)	\$ 49.4	7%	12%	\$23.6	\$21.0	\$2.34	8.2%
230990	Other preparations of a kind used in animal feed	\$ 19.1	9%	-3%	\$10.6	-\$ 2.9	\$1.10	3.6%

*Soups, Sauces & Condiments*

*Petfood*



More information at  
[www.foodandbeverage.govt.nz](http://www.foodandbeverage.govt.nz)