



30 MARCH 2017



news update

Reaching new heights

Welcome to another update from AVOCO.

The 2016-17 season could very well be remembered for the season in which our industry came of age. Despite frustrating fruit quality issues, we still managed to export a record New Zealand crop and maintain reasonably high values. As exporters, we kept cool heads during the more challenging parts of the season and importantly, kept talking to each other to ensure New Zealand avocados were given the priority they deserve in all our key markets. It's a level of maturity that I'm sure, as growers, you are pleased to see, and one we believe will translate to outstanding returns for AVOCO growers when final payments are made in April.

During the season, AVOCO exported close to 2.9 million trays – 61% of the industry's total exports from an export crop of 4.8 million trays. A little more than 80% of our shipments went to Australia where one of our major retailers received one million trays – equating to one third of our total supply. This achievement reflects positively on all the hard work that happens throughout the supply chain to ensure premium quality avocados grown in New Zealand orchards end up in the supermarket aisles and eventually on the plates of our Aussie neighbours.

In this update, our marketing team reports back on the performance of our AVANZA markets and the various promotional activity that resulted in a stellar year for sales overall.

As we wrap up another challenging but rewarding season, we want to acknowledge the amazing work you do in your

orchards, especially those who show a real commitment to best practice. Over the coming weeks, our technical team will be sharing with you their review of the fruit quality issues that rose their ugly head during the latter half of the season. We urge all growers to take on board the technical advice around this.

AVOCO now has four export seasons firmly under its belt and the results speak for themselves. With our commitment to quality, collaboration, export development and sustainable returns and with your support, AVOCO is confident of a bright future. ■

THANK YOU, **YOUR AVOCO MARKETING TEAM**

April Grower Meetings

Bay of Plenty & South Auckland

Thursday, April 6

Club Mt Maunganui

Far North

Thursday, April 27

Hub Café (Houhora Heads)

Whangarei

Wednesday, April 26

Barge Park Convention Centre, Maunu, Whangarei



On the streets of Japan, avocado smoothies went down a treat.

Reinforcing our story

AVANZA shipped about 189,000 trays to Japan this season – up from 128,000 trays sent in 2015-16. This represented 65% of our industry’s total exports to Japan which is considered a priority market for New Zealand.

TED THOMAS **AVOCO EXPORT MANAGER**

The season’s large crop allowed AVANZA to market a greater volume of fruit to Japan compared with 2015 and we’re pleased to report AVANZA avocados now command a significant price premium over fruit from Mexico - our number one competitor.

With increasing competition in this market from various New Zealand exporters, AVANZA continues to invest in promoting our brand and delivering key messages around the premium quality of New Zealand avocados, their seasonality and the fruit’s versatility and health benefits. Some of the highest export-grade avocados coming out of New Zealand arrive in Japan between September and

January and for this reason, it’s essential we build on the reputation AVANZA has built for itself as a supplier of the best avocados our country has to offer.

RAISING AWARENESS

Previous promotional success involving the bright green AVANZA smoothie wagon continued, with the wagon serving nearly 7000 smoothie cups to consumers in high foot traffic areas, including the popular Aoyama Farmer’s Market in central Tokyo. Information supplied to consumers during the sampling events reinforced messages around the ‘in season’ availability of New Zealand fruit and its nutritional benefits. >>

Traditional media picked up on media releases raising awareness about the arrival of New Zealand avocados in the market but it was the strength of social media that was a promotion highlight in 2016-17. Facebook and especially Instagram channels proved to be a cost-effective way of reaching our targeted audience with information about the availability of AVANZA avocados and the variety of ways they can be used in meals. Instagram posts alone reached an audience of more than 625,000 people.

TRADE PARTNERSHIPS

Aside from various consumer promotions, AVANZA continues to work at trade level with Tokyo-based importer Farmind Corporation. Farmind operates from a network of 14 distribution centres spread across the country. These centres are interconnected in a cold chain that enables distribution within a product specific temperature range. They stand apart, offering high value-added services for AVANZA and our growers. An important focus for Farmind is supplying ripe and ready-to-eat fruit on the day of purchase, an important factor in driving avocado consumption. To help consumers understand when an avocado is ready to eat, Farmind attaches 'best before date' labels on each piece of AVANZA fruit we supply them.

OVERCOMING CHALLENGES

Our biggest challenge every season is taking on Mexico during New Zealand's five-month supply window, starting in September. Retailers need to be presented with compelling reasons to switch to New Zealand-origin fruit before returning to their Mexican supply. Our ability to create value in Japan is based around supplying a premium quality product and reinforcing the AVANZA avocado story to both new and existing trade customers and consumers.

We are constantly learning about the creativity of the Japanese who find new and exciting ways of including avocados in their cuisine. We are also becoming better at understanding the growing market and New Zealand's role and place in it. Without doubt, there is strong recognition for New Zealand fruit amongst our target consumers who have demonstrated their willingness to pay a premium price. The Japanese consumed 12 million trays of avocados this season – up 20% on 2015 and it's our view that if we could supply a greater volume of fruit to Japan, sales of AVANZA avocados would increase considerably. ■

Consumption growing

2016-17 was a standout season for AVANZA in Korea where we shipped a total of 134,000 trays – up from 65,000 trays on the previous year. It should be noted that AVANZA achieved this increase in a high crop year but without the support of a third-party exporter. We relied solely on AVOCO growers to come up with the goods.

MARTIN NAPPER MARKET MANAGER FOR KOREA

While AVANZA supplied the bulk of all New Zealand fruit to Korea (78%), smaller exporters are beginning to realise the potential of this market which we were always confident would take off in the same way that more established markets like Japan have.

Signs of this growth are everywhere. Avocado consumption grew 92% in 2016-17 as more people discovered the health benefits of avocados. Media coverage and celebrity endorsements are rising and more dishes incorporating avocados are being promoted. With its population of 50 million people, exporters are only scratching the surface of Korea's potential for sales.

In 2016-17, AVANZA supplied E-Mart, Korea's largest supermarket chain, with fruit direct. This chain, along with the Homeplus group, prefer 16-18 count fruit while Costco sells only 20 count fruit – all of which returned good value.

TASTING DEMONSTRATIONS

For the second season we teamed up with Maeil Dairies - Korea's second largest dairy and drinks company – in a promotional programme involving retail tastings of avocado smoothies at nearly 400 in-store events. Maeil Dairies



In January, E-Mart packaged AVANZA avocados and marketed them as NZ Avocado gift sets for Korean families to consume during Chinese New Year festivities.

produces a soy milk product which AVANZA helped to promote in the joint campaign. During these events, we estimate 200,000 consumers sampled avocado smoothies and were educated on how to replicate the smoothie and try other avocado recipes at home.

These tasting events also demonstrate AVANZA's leadership in promoting the sale of ripe avocados in Korea. This has been a long-term strategy for us as history shows sales increase when ripe avocados are offered. If consumers have a positive, first-time experience we know they are more likely to purchase again. Supermarkets have previously wanted to only sell hard green fruit in pre-packs but this year we had a commitment from all our retailers to stock ripe, ready-to-eat fruit as well – a significant achievement. This shift in retail thinking is an acknowledgment that they can rely on AVANZA to consistently supply premium quality fruit, stage promotions and successfully educate staff on correct ripening and handling techniques.

ONLINE AUDIENCE

Promotion of New Zealand avocados extended beyond the supermarket aisles with Maeil Dairies seizing the opportunity to promote avocados and their own soy milk product to an online audience of pregnant women and mothers of young children. Jihoo Mom, a website popular among this

demographic, gave its 457,000 members a chance to win one of 50 New Zealand avocado and soy milk hampers. Maeil also targeted high-profile bloggers with information about the types of simple, healthy smoothies that can be made using avocados and soy milk. Blogging activity helped reach an estimated 40,000 potential avocado consumers each day.

PARTNERSHIPS

The AIC subsidises AVANZA's promotional activity in Korea and continues to update its Korean consumer website with recipes that we refer to in our point-of-sale customer brochures. We are also well served by Latitude, our in-market promotions company, which is influential when it comes to convincing more retailers to feature ripe fruit displays.

PRESSURE POINTS

While we had expected this market to be buoyant this year, the magnitude of the volumes being shipped and the customer demand for fruit surprised us. These increases created supply pressure due to demand for fruit from other markets as well. However, we're hugely encouraged by the growth signals coming out of Korea which will continue to be a valuable big fruit market for us next season. ■

Persistence pays off

In 2016-17, AVANZA exported 30% more fruit to Singapore compared to the previous season, contributing 95% of New Zealand's overall supply.

HENRY MCINTOSH
AVOCO EXPORT MARKETING ASSISTANT

This market has been a test bed for retail innovation and each season we gain momentum as more retailers adopt AVANZA avocados as their preferred avocado supplier.

We continue to challenge ourselves with progressing the development of our programme along with increasing the size profile offer in Singapore. Our persistence paid off this season as we engaged two new smaller retail groups who signed up to the AVANZA strategy.

The volume that we supplied to Malaysia and Thailand was less than previous years but we still held a strong presence in both markets. They remain an important part of our overall strategy.

Following the sudden death of the Thai King on 13 October 2016, there was a closely observed 30-day mourning period to allow people to pay their respects. With popular tourism events cancelled and routine entertainment temporarily banned in Thailand, avocado consumption decreased considerably. We immediately adjusted shipments and kept a close watch on market activity, with volumes increasing again towards the end of the season.

CONNECTING WITH CUSTOMERS

Retail demonstrations remain a key component of our promotional activity in South-East Asia. In total, AVANZA carried out demonstrations across 140 days in Singapore and 200 days in Thailand. Their aim: to educate the in-store consumer on the versatility and health benefits of New



Retail demonstrations in Thailand introduced new consumers to New Zealand avocados.

Zealand avocados and encourage them to repeat purchase.

We also connected with customers in a digital environment through social media. The AIC introduced its social media platforms to Thailand mid-season and we took the opportunity to actively promote this tool with our retailers. We integrated the “Like us” on Facebook and Instagram message into our point-of-sale material and related instore activities. We see social media as an exciting tool for reaching out directly to the end consumer on both the AIC’s platforms as well as those belonging to our retail customers. Two of our retail customers claim to have over 10 million unique fans and followers of their own on social media which demonstrates the massive ability these platforms have to reach a huge engaged audience. ■



AVOCO market manager Ted Thomas was interviewed by Peter Young at Trevelyan's packhouse in Te Puke.

A good Kiwi yarn

AVOCO has teamed up with acclaimed New Zealand documentary maker Peter Young to help us tell our unique export growth story.

Peter has spent the past few months filming in avocado orchards, packhouses and in our leading export markets to capture all the colour and characters that make AVOCO so special. His interviews with growers, packhouse leaders and our own management team will highlight how working collaboratively has changed our industry for the better and led to more sustainable returns for everyone. It's a story many of us working day-to-day "doing the business" take for granted. But it's one worth sharing, especially as we look to recruit new growers in what will soon be our fifth operational year.

Through his involvement with rural programmes like *Country Calendar*, Peter knows how to tell a good rural yarn. His work with us has now reached the editing stage but once complete, we'll make sure you get to see his efforts before it's distributed to a wider audience. ■

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