



# Grower FAQs



## WHO ARE YOU AND WHY WOULD WE CHANGE TO YOU?

AVOCO is a partnership between New Zealand's two biggest avocado exporters, Southern Produce Ltd and Primor Produce Ltd. In 2013, the two companies came together to form the New Zealand Avocado Company Ltd to coordinate the supply of export avocados under the AVOCO trademark.

AVOCO is grower-led and manages exports on behalf of more than 800 growers across the Bay of Plenty and Northland.

Our mission is to further the international success of the New Zealand avocado industry. By working collaboratively and developing markets outside Australia, we can maximise returns to growers each and every season and especially when volumes are heavy.

Growers who supply AVOCO benefit from healthy Orchard Gate Returns and a secure and thriving industry for the future. They also have access to new and exciting growth markets through AVANZA, the marketing body responsible for AVOCO exports outside Australia.

## WHAT HAPPENS TO LOCAL MARKET AND PROCESS GRADE FRUIT?

Local market and process fruit are packed at the same time as export by the pack house. They are sold to a mix of retail and wholesale outlets. We have state of the art ripening facilities to pre-ripen the fruit prior to delivery to market by the pack house or AVOCO partner. Depending on who you pack with, your local market sales are handled by the packer themselves or either Southern Produce or Primor.

## HOW CAN YOU DELIVER HEALTHY RETURNS EACH AND EVERY SEASON?

Due to our scale, we have the strongest combined presence in the market. Retail consistently provides better long term returns than wholesale.

Growers also benefit from AVOCO's economies of scale with shipping, insurance, packaging and transport.

## MY EXISTING REP SAYS YOU FUDGE THE RETURNS TO MAKE THEM LOOK GOOD. CAN YOU EXPLAIN?

The OGR returns are independently audited and verified.

We also have a Grower Relations Committee made up of our supplying growers from each region which monitors packer and exporter activities. All export accounts at the marketing level are signed off by an AVOCO director.

## WHERE DO WE GET OUR FRUIT PACKED? CAN WE CHOOSE OUR PACKER?

We currently have four independent pack houses in the Bay of Plenty - Apata, DMS, KauriPak and Trevelyan's. AVOCO has also partnered with Golden Mile Fruit Packers in Whangarei and Far North Packers in Kaitaia.

We try to ensure our packers have enough business to remain viable while providing a cost competitive service to growers.

## HOW IS THE SALES PROGRAM MANAGED TO ENSURE THE BEST POSSIBLE RETURNS TO GROWERS?

We operate to a seasonal flow plan to ensure the right amount of fruit gets to the right market at the right time. This ensures our in market commitments are met and seasonal returns are maximised.

Pack houses have a weekly flow plan that must be adhered to which includes the markets they must pack for.

For export, our flow plan runs for 24 to 26 weeks from August to February.

## WHAT COMMITMENT DO YOU HAVE TO NEW MARKET DEVELOPMENT? WHAT HAVE YOU DONE IN THE LAST FEW YEARS?

AVOCO is the 100% owner of AVANZA, the marketing body responsible for AVOCO exports outside Australia. The AVANZA brand was created in 2001 to boost brand recognition of New Zealand avocados at a global level.

AVOCO consistently supplies fruit to Asian markets under the AVANZA brand. These markets include Japan, Singapore,

Thailand, Korea, India and Malaysia. Some seasons also include shipments to the US.

AVOCO's expert marketing teams have worked hard to build relationships with distributors and customers in these markets and their efforts have paid off. Japan has long been a strong performer for AVANZA avocados while market growth has also occurred across South-East Asia in recent years.

Demand for New Zealand avocados is steadily increasing in key Asian markets due to efforts led by AVANZA to educate consumers on the versatility and health benefits of the fruit.

AVANZA's enduring relationship with its partner in the US, Mission Produce, also plays a significant role in AVOCO's planning, especially when volumes are heavy.

It's this long-term commitment to developing markets that gives AVANZA a strong point of difference among other New Zealand exporters. Importers know they can trust AVANZA to supply fruit in both low and high volume years. In return, AVANZA is rewarded with market loyalty.

While Australia will always be New Zealand's biggest export market, the industry needs to diversify for its long-term success. Exporting to markets outside Australia through AVANZA gives AVOCO the ability to think strategically about its marketing decisions.

## WHEN DO I GET PAID?

All export sales are pooled but are handled outside of AVOCO by one or other of the AVOCO partners. A submit payment is made once your fruit is packed, followed by monthly progress payments with a final payment made once all sales receipts are received. This is usually mid to late April.

Local market sales follow a similar payment structure to export but are handled either by your pack house or your local market manager, depending on which pack house you pack with. AVOCO itself does not engage in managing local market sales.

Processed sales are paid at the end of the season once all sales receipts are in.

## DO YOU RUN A SEASONAL POOL OR CAN I SELL ON THE SPOT MARKET WHEN I CHOOSE TO PICK?

The AVOCO partners only run seasonal pools for export so no growers are disadvantaged.

In small crop years, pack houses may run their own shorter pools for local market sales.

## I HAVE HEARD SOME GROWERS GET SPECIAL TREATMENT. IS THIS TRUE?

All growers are treated the same and work under the same flow plan. Pack charges may be slightly better for our larger growers due to their economies of scale. Pack charges are set by the packers.

## HOW ARE PACKING COSTS STRUCTURED?

Packing costs are set by the individual packers but generally there is a pack charge for export trays packed, local market trays packed and process fruit packed.

Packaging, cool storage and export service charges are set by AVOCO and overseen by the AVOCO Grower Relations Committee.

## ARE PACKING COSTS DEDUCTED FROM MY RETURNS?

The returns you receive have pack charges deducted by written authority from the grower. We do this on behalf of the packers and pay them your packing, cool storage and service charges.

## ARE THERE ANY OTHER COSTS THAT I HAVE TO PAY?

There is a small annual charge to cover the cost of AVOCO's food safety systems and auditing. This has been developed to meet our customers and avocado growers' needs.

There may be excess transport charges to pay the pack house above the standard charges if it is a long way from your orchard to the pack house. This will be in your packing contract and can be negotiated with the packer.

## CAN I PICK WHEN I WANT TO? I LIKE TO STRIP MY CROP IN OCTOBER. CAN YOU DO THIS FOR ME?

We operate to a strict flow plan to ensure all growers are equally treated and we meet our in market commitments. We encourage our growers and packers to work together to achieve the flow plan. If an orchard is in trouble and needs to be picked, the pack house will endeavour to make this work. Our growers are very supportive of this.

To ensure the best returns to our growers we need to deliver the best fruit to the best market at the best time. As we draw fruit from all growing regions, we are in a great position to achieve this.