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# news alert



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## Market investment pays off

**W**elcome to another update from AVOCO. The 2017-18 season may have been a low volume year, but we continued to take incredible steps forward in terms of future-proofing our industry.

Achieving market access to China has opened the door to millions of potential new consumers. Like in other parts of Asia, a rising middle-class has developed an appetite for healthier food options and 'heart-healthy' avocados tick many boxes. Reports suggest that avocado sales in China are likely to more than double this year as a growing number of Chinese discover the benefits of avocados and begin to incorporate them into their weekly diet. Through AVANZA, we plan to capitalise on this new interest in avocados when we make our first commercial shipment to China next season.

This season, Korea became the most important market for New Zealand by volume and value outside of Australia. Korea imported one million trays of avocados in 2017 – double what it imported a year earlier. We're pleased to say our time and energy in this market has paid off. AVANZA has

established relationships with solid distributors in Korea and carved out a reputation for being able to provide exceptional promotional support and education, efforts which help to keep New Zealand avocados front and centre in the produce aisles.

In this update, our marketing team reports back on the performance of Korea and all our other AVANZA markets. While low volumes proved challenging at times, we worked hard to retain a presence in Asia and create awareness of New Zealand's supply window.

The end of a season is always a time to reflect on what has been achieved but also to look forward to what could be around the corner. With new markets opening up, we want to challenge growers to become experts in their own orchards, listen to technical advice and do the utmost to remain export-compliant. Our markets are ready, and waiting, for your fruit, next season.

**YOUR AVOCO MARKETING TEAM**

[www.avoco.co.nz](http://www.avoco.co.nz)

# Commitment to creativity

Japanese influencers helped to lift the profile of AVANZA avocados during a season of limited supply.

TED THOMAS AVOCO EXPORT MANAGER

AVANZA shipped 75,500 trays to Japan this season – down from 189,000 trays in 2016 and 128,000 trays in 2015.

To juggle the short crop across all the Asian markets this season, we adjusted down our allocated volume for Japan and tightened up the supply period.

AVANZA supplied 89% of New Zealand’s exports to Japan, which continues to be an important strategic market for the industry, led by AVANZA. Our market share is up from 65% a year ago, indicating that AVANZA continues to hold its position as the preferred supplier to customers in Japan actively sourcing New Zealand-grown fruit.

We are very fortunate to have a very strong supply chain relationship with our importer Farmind. With our ‘Partners in Asia’, Mission Produce, we work together to ensure Farmind’s volume requirements are met year-round. With our New Zealand programme now tightened to just eight



*PLAYING DETECTIVE: The NZ Detective character was used in social media campaigns to encourage people to actively search for AVANZA fruit.*



*SOCIAL REACH: Influencers on Instagram posted highly attractive images of meal ideas featuring New Zealand avocados.*

week’s supply running September to November, US-based Mission makes up the remainder with fruit sourced mainly from Mexico. In a short crop year, New Zealand’s ability to supply becomes a critical constraint and, with demand for New Zealand fruit exceeding this supply, we will need to start making tough decisions as to where and how we channel our fruit in future tight supply seasons.

## INFLUENCER MARKETING

Using an “Avocado first” theme, we focussed our social media activities on Instagram and Facebook, using press releases, in-store demonstrations and event sampling to round out our promotional efforts. This also included a consumer campaign named “NZ Avocado Detective” where people were challenged to find AVANZA avocados and post a photo on Instagram using a dedicated hashtag.

Our work with social media influencers is growing after proving to be a successful marketing strategy. Since influencer campaigns started five years ago, images featuring avocados have gained traction on social media

and influencers have helped to maintain a buzz around the fruit with their creative energy. Influencer marketing remains a very cost-effective way for us to deliver our messages about AVANZA and the “New Zealand story” to a targeted audience. The level of engagement has been excellent and the opportunity to raise awareness about our presence in the market through influencers provides great benefit for growers.

It's this activity in particular that has revealed how creative the Japanese can be when it comes to finding new and exciting ways to include avocados at meal-time. Avocados are not a natural fit with traditional Japanese cuisine, but some of the work with our influencers and Instagrammers has generated some very inspiring avocado meal ideas. It's very encouraging to see how they are prepared to invest in a product like avocados and develop recipes so that the product becomes more mainstream.

It's also been pleasing to see strong recognition and desire for New Zealand fruit amongst our target consumer audience. This helps AVANZA command a premium price in the market.



*EVENTS: Promotions involving our Japanese distributor Farmland targeted events and gave people the opportunity to sample avocados.*

Over time, our communications strategy has created greater awareness about the special qualities of New Zealand avocados, including their seasonality. Consumers are now looking for New Zealand fruit which is a behaviour not seen five years ago.

## Grower survey

Thank you to those of you who have already completed the production survey that was distributed to all Team Avocado and Primor growers in February.

We ask that the survey be returned by March 30. Please contact your packer field representative if you need any assistance.

The information we're seeking will help us capture the most up-to-date orchard data and prepare market plans for several seasons ahead. This long-term planning is essential as increasingly, our off-shore markets are becoming more competitive. Reliability of supply is as important to them as it is important to us.

## Save the Date

**Our biennial conference is happening again in Auckland at the Waipuna Hotel and Conference Centre. We encourage all AVOCO growers to attend the event on Saturday, June 23.**

**The conference is an opportunity to spend a full-day in the company of fellow growers and hear from experts at the cutting edge of technical developments in our exciting industry. In the afternoon, you'll also hear from our team of market managers and their plans for Australia and market development in Asia.**

**Later, you're invited to join us for dinner and an evening of entertainment. We'll send you more details about the conference over the coming weeks.**



Avocado smoothie samples and ready-to-eat fruit has contributed to sales in Korea.

# Milestone year

Korea's love affair with avocados reached new heights last year, with imports doubling and AVANZA playing a lead role in market development.

## MARTIN NAPPER AVOCO MARKET MANAGER FOR KOREA

In 2017-18, Korea became the most important avocado market for New Zealand by volume and value outside of Australia.

Korea imported 1.1 million trays – more than double the volume imported from all origins in 2016. The fruit carried a value of US\$31 million – up 158% on the previous year's value.

AVANZA exported 96,000 trays to Korea, down from 134,000 trays in 2016-17 due to the shorter crop. This represents 9% of all avocado imports and 66% of all New Zealand fruit shipped to Korea.

Despite the lighter volume, sales of \$3.3 million were only 15% less than in 2016 due to a higher market return per tray (NZ\$34.76 vs \$29.28 tray equivalent).

AVANZA's four years of promotional activity, coordinated by our in-market agency Latitude, has created real growth in this category by educating consumers, retailers and importers about avocado consumption, handling, storage and ripening.

Last year's promotional activity included an ongoing

association with Mael Dairies, one of the largest beverage companies in Korea. This partnership with Mael enabled AVANZA to participate in their well-organised online soy milk and avocado promotions which included far-reaching social media campaigns highlighting the nutritional benefits of avocados. This activity generates encouraging engagement with young, health-conscious Korean women.

**The avocado was a largely ignored three years ago but it's now become a centrepiece for displays and stands in many Korean stores.**

Supermarket demonstrations continue to be an effective way to reach first-time consumers and educate them with recipe ideas and handling advice. Last year, we held 250 in-store demonstrations, targeting 100,000 consumers. Over the past four years, AVANZA has now held a total of 1500 sampling sessions, reaching 600,000 consumers.

Permanent ripening displays have been installed in selected stores, providing consumers with the option to select a ready-to-eat piece of fruit – a strategy that has been proven to increase sales by over 300%. This also provides evidence to our distribution and retail partners of the importance of ripening and offering loose avocados.

## AVOCADO APPRECIATION

Awareness about avocados has been elevated due to ongoing market investment and the coverage given to the fruit on cooking shows and health programmes screened in Korea. This is seeing many new consumers actively looking for the fruit.

The trendiness of the product can account for a level of consumption but it's the fruit's health attributes that appear to drive consistent purchase.

Consumer trends have also bolstered retailers' appreciation for this produce category. The avocado was a largely ignored three years ago but it's now become a centrepiece for displays and stands in many Korean stores. E-mart, which accounts for 30% of Korea's total retail turnover, leads the way in this area. Last year, the retail chain

returned to 100% New Zealand fruit after a poor experience with avocados sourced from Mexico. Our AVANZA fruit was stocked exclusively from September to early January then replaced by Californian avocados from Mission Produce.

## HUNGER FOR MORE

Our investment in Korea continues to generate excellent returns, with exports in 2017 accounting for 35% of all AVANZA fruit. The main constraint to growth is sourcing enough export quality fruit, especially after flowering when orchards resume spraying.

Demand is out-stripping the ability of New Zealand to supply enough fruit to cover all the retail channels, forcing some retailers to source their fruit from Mexico to fill the gaps. However, New Zealand's avocado story, combined with AVANZA's technical support and in-market promotions, has built up valuable goodwill in the market to ensure we continue to have strong market presence.



*AVANZA's partnership with Mael Dairies allowed us to tap into Mael's social media networks and benefit from their established audience exposure.*

# Education a highlight

Supply was stretched thin across our South-East Asian markets in 2017-18 but despite crop challenges, AVANZA has positioned itself to capitalise on future growth opportunities.

**HENRY MCINTOSH**

**AVOCO MARKET MANAGER, SOUTH EAST ASIA**

Light volumes meant shipments to Singapore, Thailand and Malaysia were 50% down on the previous 12 months, with AVANZA being forced to reduce the scale of its sales programme due to a smaller export crop. These volumes were just enough to keep customers happy.

All of our customers in South-East Asia understand the difficulties of biennial bearing, but that obviously doesn't stop them wanting more fruit. Relationship management became an important part of the season, to make sure everyone remained satisfied.

We shipped more than 51,000 trays to Singapore, accounting for 98% of all New Zealand avocados in the market. Singapore remains a major market for AVANZA and our relationships with retailers continues to be very strong. Our 12-month supply programme with Californian fruit ensures that the AVANZA brand is in stores all year.

Just under a third of fruit shipped to South-East Asia was sold in Thailand (26,901 trays) where the market is on the rise again, with the ending of the year-long period of mourning for the Thai King. AVANZA fruit made up 28% of all New Zealand fruit sold in Thailand where competition is increasing as other exporters chase high market returns. Locally-grown avocados have a small presence in Thailand, but these new developments are unlikely to affect New Zealand's supply window long-term.



*In-store sampling introduced Thai consumers to AVANZA fruit.*

The Malaysian market came under some pressure from Kenyan fruit this season. Although this does create another competitor for New Zealand, this also helps to develop awareness of avocados generally, which supports ongoing market development.

We continue to work with the leading produce importers as well as supporting key retailers as part of our efforts to fulfil the potential for sales across both Thailand and Malaysia.

## PROMOTIONS SCALED BACK

AVANZA completed 200 days of promotions in Thailand, 130 in Singapore and 40 in Malaysia. Most of these were done in store, where small avocado samples or smoothies were given to shoppers. The aim is to further educate the consumers about the health benefits of New Zealand avocados and highlight the various ways to eat the fruit. These promotional activities are smaller during low volume seasons but remain a key part of the AVANZA strategy to grow the markets.

A season highlight was the delivery of a comprehensive technical training programme to all our importers/customers in South-East Asia – a first for AVANZA in this region. With the help of the AIC's contestable funding, technical consultant Jerome Hardy and I took all key staff through a 'best practice' programme, based around handling and ripening of New Zealand fruit. Feedback was very positive, and we are already seeing great results.

# Organic growth in India

With support from experienced distributors, AVANZA has grown the Indian market 50% year on year since 2014.

**TONY PONDER**  
**AVOCO MARKET MANAGER FOR INDIA**

We shipped 15,489 trays to India this season, up from 9720 trays in 2016-17. Although we consciously held our promotional activity back due to New Zealand's limited availability of fruit, it was pleasing to see sales in avocados grow organically across all targeted sectors - food service, retail and street vendor channels.

The market has been developed around demand for large size fruit. This strategy is important for us as an industry but has also proven to be very profitable. Despite the additional costs associated with duty and airfreight to India, returns are high, making it a very desirable market to have in our portfolio.



*Along with market visits to India, Tony Ponder also visited China to explore opportunities for AVANZA at Alibaba HQ in Hangzhou.*

**Avanza Avocado**  
 January 2 · 🌐

Boost your immune system by eating our fresh and delicious avocados! Get them from your nearest Big Basket store.  
 #AvanzaAvocado #HassAvocado #Foodie



*One of our two Indian distributors, IG International, helps to promote AVANZA avocados in India through social media.*

Two-thirds of our volume is distributed by Anusaya Fresh, a company that is entrenched in India's food service sector. They have high expectations around cool chain management and have invested in small service refrigerated vehicles to deliver produce to their customers. Like us, they understand the importance of making sure avocados are delivered to the end-user in optimum condition.

Executive chefs at hotel chains are very familiar with how to use avocados and their only frustration has been around continuity of supply. AVANZA's contribution to this sector ensures New Zealand avocados are on the menu and enjoyed by international visitors and upper to middle class local consumers out dining, many of whom are willing to pay a premium price for high quality, safe food options.

Our second distributor, IG International, was appointed two years ago and helps to grow our business among India's retail market by staging in-store demonstrations and sampling events.