

Targeting quality

Welcome to another update from AVOCO. Every grower with a few years' experience under their belt will tell you how each season is different. The most important thing is to learn from each one, manage what you can control and move on to the next.

The industry-wide problems experienced last season with rots, wind rub and the consequences of advanced fruit maturity mean we all still have a lot to learn about maintaining fruit quality right through the supply chain.

We recognise this and have pledged to make 2019-20 a year when we, as industry leaders, prioritise fruit quality and lift the bar higher when it comes to technical advice, research and orchard management best practice.

Our work has already begun. We've created a new Quality Focus team, led by director Alistair Young, that is tasked with re-examining fruit handling processes and working with staff across all six of our packhouse partners. We are investigating the use of water-blasters at the packhouse and with industry co-operation, we plan to conduct orchard trials to examine the role alternative fungicides can play in improving fruit quality outcomes. This work will also revisit optimal use of copper sprays.

Outside of the on-orchard and post-harvest stages of the supply chain, we will also evaluate shipping container carriage temperatures and controlled atmosphere regimes. Should major quality issues re-emerge in Australia next season, we'll have dedicated quality control personnel supporting our Australian fruit handlers on the ground.



We're focussing on quality this season across all areas of the supply chain, starting with growers.

These are just some of the measures we'll be taking to ensure New Zealand fruit retains its premium quality status before arriving in the hands of consumers. With support from our grower community, we're confident we can achieve that goal.

In this update, our marketing team reports on the performance of our Asian markets where we sell fruit under our AVANZA brand. The avocado category has grown exponentially in Asia in recent years but consistent supply and quality is critical to ongoing business there. With Chile making further steps forward in their efforts to gain market access to Australia, we need to ensure the doors to Asia remain wide open. Our focus on quality has become more important than ever.

YOUR AVOCO MARKETING TEAM

Leveraging the New Zealand story

Our country's reputation for growing high-quality primary goods helps position AVANZA as a supplier of premium avocados across South-East Asia.

HENRY MCINTOSH
AVOCO MARKET MANAGER, SOUTH EAST ASIA

Singapore's knowledge and love of avocados continues to grow at a significant pace, thanks to investments and time spent in the market by AVANZA. We were pleased to grow our export volume by 12% last season despite competition from other fruit.

Our promotional activity involving social media campaigns that targeted key demographics boosted awareness about AVANZA avocados and the health benefits of eating them. Ready-to-eat avocado sampling sessions in-store also went a long way to increasing the profile of the New Zealand avocado story which allows us to continue to grow the market.

Complementing this activity was the distribution of new retail guides aimed at educating Singapore retail produce staff on the best way to handle our fruit. This information is valuable because education at the retail level helps to uphold quality standards which supports our ability to increase the value of our fruit over time.

Awareness of the New Zealand avocado story has become a very important point of difference for us in many Asian markets, including Singapore. Mexico is now a major player in this market and most retailers are happy to accept their poorer quality fruit for a considerably lower price. The New Zealand story enables us to tap into what makes us special as a country and drive demand for our premium

quality produce. We expect this will continue to be an integral part of our marketing strategy in Singapore next season.

THAILAND & MALAYSIA

We shipped 50,000 trays to Thailand last season and had 35% of New Zealand's market share. We continue to benefit from strong relationships with all major importers and retailers who appreciate the wrap-around service we provide. We completed a technical training programme with retail staff on how to ripen and handle avocados and held sampling sessions with consumers on 260 days to increase the profile of our fruit in-store.

We supported Malaysia with a small sales programme to maintain our market presence, shipping 3400 trays. Malaysia has become a very competitive marketplace, receiving fruit from all over the world. ■



Retail demonstrations at Thai supermarkets helped to drive sales and increase awareness of the AVANZA brand.

Jewel in the AVANZA crown

AVANZA continues to perform strongly in Korea although increased competition means the brand must continue investing in promotional activity to stay competitive.

MARTIN NAPPER **AVOCO MARKET MANAGER FOR KOREA**

Korea maintained its position as the most important avocado market by volume and value for New Zealand outside of Australia. Imports reached 2.1 million trays from all origins – up 94% on the previous season which is a sure sign of the fruit’s growing popularity among consumers.

The market was dominated by on-season Californian fruit in 2018, with 70% of imports coming from the US. Mexican fruit made up 21% of imports with New Zealand in third place with 9% or 200,364 export trays. AVANZA contributed 62% of New Zealand’s supply.

AVANZA’s five years of promotional activity continues to build on educating retailers, consumers and importers on avocado consumption, handling, storage and ripening. ... continues



AVANZA again partnered with Maeil’s soy milk brand to introduce people to avocados through the consumption of avocado smoothies.



A guide illustrating the different stages of ripening fruit was a focal point at point-of-purchase displays of AVANZA avocados in Korea.

Our technical team visited Korea in October to teach handling and ripening techniques as well as check cool storage facilities and the condition of fruit on arrival.

RAISING AWARENESS

On the promotional front, we partnered again with Maeil's soy milk brand to promote avocado smoothies using AVANZA avocados as a core ingredient. The partnership was promoted on social media and through the distribution of about 175,000 consumer brochures.

We extended the reach of our AVANZA brand further by participating in the Grand Mint Music Festival for the first time – a two-day event attended by 40,000 young people. Organisers were keen to promote a sustainable festival and this provided an opportunity for AVANZA to offer avocado smoothies from the 'Barefeet on the Earth' sustainability tent. People

sampled smoothies using 4000 compostable cups which were then disposed of in a composting machine. A bicycle with promotional trailer was also ridden around the crowds. The association with health and sustainability are two themes that AVANZA will explore next season.

AVANZA's reputation among retailers as a provider of quality fruit and service should serve us well in what is becoming a highly competitive Korean market. We have formed trusted relationships with E-Mart, who enjoy a 40% share of the Korean supermarket sector, and last year we successfully supplied Costco for the first time. With both retailers, there is potential to expand our sales programme.

However, it's vital that AVANZA continues to promote its brand in the face of growing competition from California and Mexico and interest from Peru, Chile and Columbia who are all keen for a slice of the Korean market. ■

Important first steps

AVANZA's first year supplying fruit to China was a valuable learning exercise.

STEVE TRICKETT

MARKETING & COMMUNICATIONS MANAGER

In our first year of supply to China, AVOCO exported 23,000 trays from around 30 growers, shipping one sea freight container per week to Shanghai. This represented 85% of the industry's exports to China.

The total volume was down on plan due to the delayed start to the programme with Chinese Customs taking longer than anticipated to officially list New Zealand avocados as an approved import.

After securing the green light to export, we were able to validate assumptions we made pre-season about our ability to secure a premium price for our large sized fruit through the



AVANZA is branding only large-sized fruit with the Chao Niu Guo label, helping us reach our goals of becoming a category leader.

development of new brand messaging and support from the "New Zealand story".

Rolling out AVANZA's China-specific "Chao niu guo" (super one) brand to niche retailers, mainly in Shanghai, our fruit commanded a premium price at least 25% higher than small sized fruit from Chile and Mexico – a satisfying result.

The programme involved a total of 250 retail demonstrations designed to educate the consumer on the quality of New Zealand avocados and their versatility as a meal ingredient.

Our import partner, Goodfarmer, performed very well during the season and we were encouraged with how seamlessly our weekly sea-container passed through customs and quarantine, then to the warehouse.

Next season, AVOCO's plan is to lift volumes to three containers per week across a 14-week period, with volume coming from more than 400 growers registered to supply China.

Quality matters

There is plenty of potential for growth in Japan but the quality of fruit will ultimately determine values.

TED THOMAS **AVOCO EXPORT MANAGER**

AVOCO shipped 91,000 trays to Japan in 2018-19 – up from 75,500 trays on the previous year. The 20% lift resulted from an increase in the overall crop volume which gave us a bigger platform to market more fruit under the AVANZA brand.

The volume represented 96% of New Zealand’s exports to Japan and, while we are not seeing increased competition from other New Zealand exporters, the Japanese market remains highly competitive with avocados arriving from the US, Chile, Peru and Mexico at various times during the season. Our main competitor is Mexico due to a seasonal supply window that sees New Zealand and Mexican fruit jostling for the consumer’s attention at the same time.



Sampling events in Japan are an opportunity to target consumers with messages about the special qualities of New Zealand avocados.

Seasonality is becoming better understood, especially among our target audience who have been encouraged to actively look for New Zealand fruit. There’s evidence to support the idea consumers in this segment recognise the premium-quality of our AVANZA brand and understand our messaging around food safety, taste and the excellent nutritional value of our avocados.

Our in-market agency, Candlewick, supported us in lifting the public profile of AVANZA avocados and, in particular, convey the message that not all avocados are created equal. Increasingly, we’re wanting to change perceptions that avocados from any origin are the same by highlighting how the unique qualities of New Zealand fruit should make them the consumer’s first and only choice.

Our promotional activity focussed on social media platforms (Instagram and Facebook), with media coverage, in-store sampling and targeted event sampling introducing even more people to our brand.

OPPORTUNITIES FOR GROWTH

Avocado consumption continues to rise in Japan and research suggests this will continue for some time. Most of the population (60%) still don’t eat avocados regularly so there is still plenty of room for market growth.

We plan to capitalise on that potential by continuing our partnership with Tokyo-based importer Farmind Corporation which is investing in ripening technology and infrastructure. Japanese consumers are very focussed on quality and Farmind’s ability to ripen and deliver a premium-quality avocado through their sophisticated supply chain network puts in them in a strong position to drive category growth for us.

Looking ahead, AVANZA’s biggest challenge in Japan is improving the OGR back to growers. There is no doubt that we are experiencing growing demand for New Zealand avocados in Japan, however this is no different to most markets AVANZA is supplying. As you would expect, an important determinant in volume allocation is OGR. While AVANZA has been very successful in achieving higher CIF Yen values year-on-year, we continue to strive for higher premiums above Mexican fruit that can sustain this result. This is where quality and supply performance becomes critical. ■

Competitive advantage in India

AVANZA's full service approach in India's growing avocado market is valued highly by key customers.

HENRY MCINTOSH
AVOCO MARKET MANAGER, SOUTH EAST ASIA

Competition from Peruvian avocados in India last year highlighted how sensitive this marketplace is to volume pressure.

AVANZA had planned to ship 25,000 trays to India but avocados arriving unexpectedly from Peru early in the season forced us to push back our planned start date and affected AVANZA's volume significantly throughout the first three months. We constantly monitored fruit availability as we discovered one unexpected container of avocados from Peru had the ability to flood the market and push prices very low.

Our export volumes were also scaled down later in the season when the crop estimate began to drop due to fruit quality challenges. In the end, we exported a total of 13,270 trays to India in 2018-19.

Promotional activity focused on educating the consumer and retail sampling sessions were held in Mumbai and Delhi to introduce more people to AVANZA avocados and our unique New Zealand story which appeals to discerning, health-conscious consumers.

AVANZA also distributed 1000 copies of a booklet targeting India's food service sector, including recipes and information on fruit handling and the various ripening stages.

Similar to all the Asian markets that AVANZA is involved in, India's understanding and love for New Zealand avocados



Market managers Henry McIntosh and Tony Ponder worked with distributors to ensure AVANZA avocados are positioned as a premium product.

continues to grow. Looking ahead, we'll need to be very mindful of competition from cheaper Peruvian fruit early in the season but maintaining high standards for our fruit will help us secure premium values for our fruit with key customers. In only three years, AVANZA has established a solid reputation among retailers and food service outlets for being able to deliver the "full-package" – quality fruit, technical support and education. This approach gives AVANZA and New Zealand avocados their competitive advantage. ■