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Directors' Review

Market signals change ahead

AVANZA markets continue to perform strongly and are poised to take extra volumes when crop allows, reports AVOCO directors JOHN CARROLL and ALISTAIR YOUNG.



It's seasons like this one that remind us all that we're trading in a truly competitive global market with challenges and opportunities at every turn.

With avocado consumption growing across all our AVANZA markets, Asia becomes a particularly enticing place to do business. We've seen big global players like Mexico increase their export activity in many markets where AVANZA has a presence, forcing us to delay shipments by a few weeks to avoid unnecessary supply overlap. At the same time, militant activity by some Mexican growers created a supply shortfall in markets like Korea which played into our hands and ultimately cast a shadow on Mexico's ability to reliably supply fruit.

We're on the point of a sea change in Australia but we're looking at that positively.

markets in Asia and Europe. While it's anyone's guess how they will maintain fruit quality through the supply chain after the fruit arrives in Australia, the competition from Chile is likely to have some impact on values there.

Australia should still continue to be our biggest market but assuming the doors open to Chile, New Zealand will need to have markets outside of Australia it can rely on.

The situation we could be facing in Australia should be enough for New Zealand growers to sit up and take notice. But it's one of only two challenges across the Tasman that we need to be mindful of. It's very reasonable to expect that Australia's production volume will increase further. Some previously under-performing growing areas have recovered and there is new ground in Queensland being planted.

We're on the point of a sea change in Australia but we're looking at that positively.

While serious competition in Australia may come as a wake-up call to other players in the New Zealand industry, it's what we, as AVANZA, have been preparing for since 2001. It's always been our view that we need a strong platform

for business in Asia capable of taking significant volumes of fruit at values that are meaningful enough to please our New Zealand growers.

In operating AVANZA, we've been developing markets in Asia for 17 years and, during that time, we've built strong supply relationships with key distributors and values have steadily lifted.

The market intelligence we've gathered can't be underestimated and we'll be putting this to good use again next season when we're expecting to be handling a much heavier crop.

FRUIT QUALITY BELOW-PAR

On the supply side, while the first stage of the season was relatively problem free, recent arrivals of poor quality export fruit have been a lowlight of the season so far. Fortunately, we have checks and balances within our Australian ripeners' facilities to avoid sub-standard fruit entering the markets and reaching consumers.

Australia hasn't been an easy road for us to navigate but we anticipate the market will lift as Australia's domestic supply abates by the end of December. On paper, we've had a positive reaction from growers to AVOCO's late

harvest incentive scheme so we hope to have enough support to meet our Australian retail commitments during the short weeks around Christmas, New Year and later in January. Packing is scheduled to finish in week 4 of 2019.

CROP ESTIMATION – BE INVOLVED

As various market reports have flagged, the crop available to us for marketing has been well down on pre-season forecasts. Year after year, there's a lot of effort that goes into crop estimation and we accept packers and their staff have tried to get it right.

We encourage growers to do what they can to help - no one knows your orchard better than you. If possible, be involved in your orchard's crop estimation because greater accuracy enables our market management team to more confidently allocate fruit to sell on your behalf. Lower than expected packouts have also exacerbated the problem which is an industry-wide challenge that needs addressing.

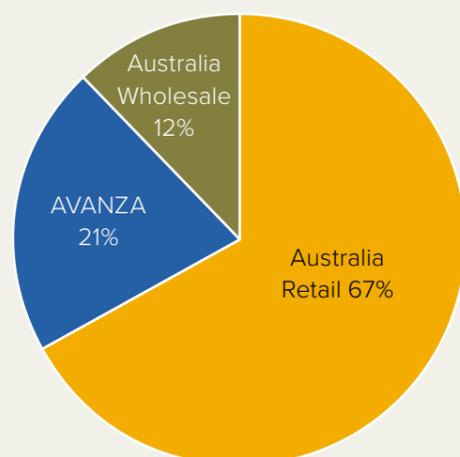
Enjoy spending quality time with friends and family during the festive season and travel safe. If you're picking and packing, thank you for your incredible support – it's greatly appreciated. ■

Overall, we've been very happy with the progress made in our Asian markets in 2018. Korea remains our largest export market outside of Australia and we've had positive experiences in Japan and throughout South-East Asia. Exports to China and Taiwan have also gotten off to a fantastic start and it's pleasing to finally have them in our market mix.

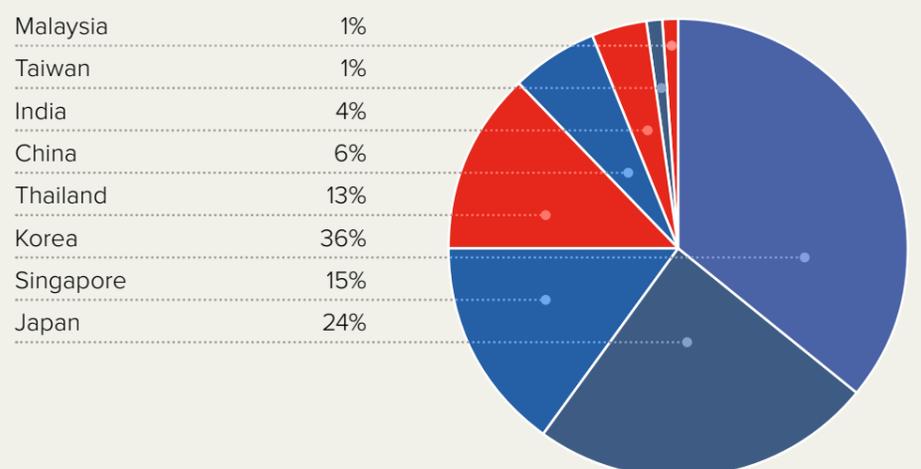
Closer to home, Australia has been challenging at times, particularly in the wholesale market where conditions came closely to tipping over due to larger than anticipated volumes. In this environment, we've had to hold our nerve and adjust our flow plan so the market can breathe again. There are still positive signs of market growth in Australia but it's clear that their domestic supply is growing with it.

On top of that, there are signals coming out of the Australian industry that indicate it's likely Chile will be granted market access in the next two years. The distance from Chile to Australia is achievable, bearing in mind they already successfully ship fruit over longer distances to

AVOCO MARKET SPLIT 2018-19



AVANZA ALL MARKETS 2018-19



Avoco Market Update December 2018

Behind The Scenes

Your AVOCO Grower Relationship Committee reports on policy updates and issues important to growers and the supply group. This issue we hear from Vice Chairman JOHN SCHNACKENBERG.

It is a pleasure to serve on the AVOCO grower committee. I often reflect on how our commercial marketing entity willingly engages with grower suppliers and includes us in a vast array of operational decisions. Indeed, we set the Pool operational policies, including now a range of incentives from Christmas harvest, late harvest and just recently, China supply. As the marketers say, "It's your fruit."

A continuing dilemma is the recognition that later season supply to Australia generates significant value for the Pool but most of us want to be done and dusted before Christmas. To what extent will a big season change that when harvest capacity will dictate when we are harvested, not incentives?

Change will be constant as we go forward, both in the New Zealand supply landscape and our international market dynamics which will present challenges in structuring (incentives for this, that and everything else?) and managing the Pool to keep it relevant to all participating AVOCO growers and performing to maximise our return equal to or better than the competition.

Looking at changes coming – new larger growers, some who may join our group but other's whose determination to be independent will introduce further competition for AVOCO. In both cases, high density plantings put additional pressure on early harvesting desires. Western Australian production will significantly increase over the

next few seasons and should Chile be successful in gaining access to Australia, we will likely see big changes in market values there.

Hence the drive to develop and grow our Asian presence, particularly Japan, Korea and now China. Not just for new markets but to absorb more early harvest pressure. Our new AvocoGAP food safety systems and the China compliance requirements will quickly become the new normal as AVOCO shifts greater percentages of our crop to Asia. Are you ready? I was intrigued to learn at a recent China compliance meeting that some 85% of all growers who have registered for China are AVOCO growers.

"... at a recent China compliance meeting that some 85% of all growers who have registered for China are AVOCO growers."

At our last meeting (October 9) the Committee re-elected Hugh Moore as Chairman and I was re-elected as Vice Chairman. We welcomed Deon Cartwright from Whangarei as a new representative replacing Rex Scharnweber.

Our new and comprehensive AvocoGAP (Global Gap equivalence) food safety system comes at some cost to us, both in its development and the audit costs being incurred by our packers putting new systems in place and auditing us. This is likely the last year with fixed standard costs for the audit. In future our packers will have the choice to charge a fixed amount or a mixture of fixed and variable costs, depending how organised we growers are on the day of the audit.

A China supply compensation system was confirmed by the AGRC for the current season with an indication of intent of it continuing in some form for next season. If the big crop eventuates, one wonders at the need for a compensation system continuing if AVOCO



Our new AvocoGAP food safety systems and the China compliance requirements will quickly become the new normal as AVOCO shift greater percentages of our crop to Asia. Are you ready?

growers adopt China compliance as it appears we are committing to.

In any event, we clearly need to lift our export quality and AvoGreen protocols, China compliance and timely and effective sprays should inarguably go a long way to improving our

respective crop quality.

Growers, your committee is here to serve you so please keep up the communication with us on all topics relevant to assisting growers to give our marketers best quality fruit so they can deliver us the best returns. ■

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Q&A

Matt Roeszler

With his background in pruning and arboriculture, **MATT ROESZLER** is a valuable new addition to the Kauripak team.

What does your role involve and what are you responsible for?

I'm a Client Services Representative for Kauripak. I liaise with growers from Katikati through to Tauranga, Auckland and the Waikato. I work alongside growers with the Kauripak team to tackle any problems our growers may face on the orchard and help organise the busy picking season.

What were you doing before you worked at Kauripak?

I am a qualified arborist and have been doing all sorts of tree work for about ten years now. Just prior to working at Kauripak I worked picking and pruning avocado trees in the hydralada.

How did those roles prepare you for the work you do now?

Studying arboriculture has given me a good knowledge of tree husbandry. From my pruning

experience I have learnt a lot from growers and how they like their trees pruned. Seeing the results from different methods of canopy management, I can pass this knowledge onto

"I am constantly learning from new and ongoing research and the different experiences and ideas our growers have."

our growers. Having picked avocados in the hydralada, I have a good understanding of the harvest process and it has also helped me with crop estimation.

What do you enjoy about working in this exciting industry?

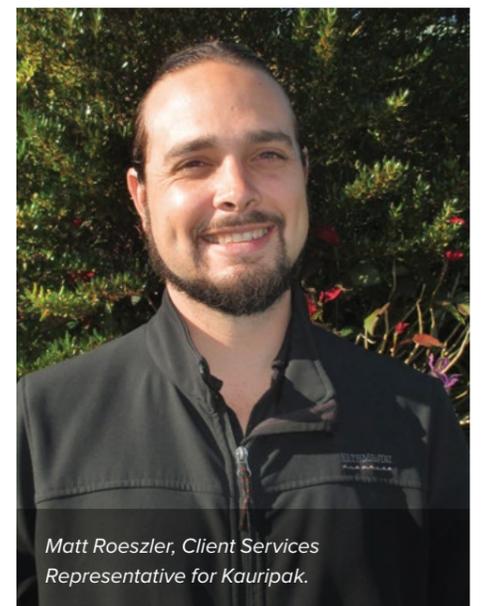
Most definitely the people, I get to work with a great bunch of growers from all sorts of different backgrounds. Avocado trees are quite complex and there is still a lot to learn. I am constantly learning from new and ongoing research and the different experiences and ideas our growers have.

In your experience, what's the difference between an average orchard and a top performing orchard?

Tree health, regular pruning and achieving a good balance in the trees enabling them to crop every year. Generally, behind a top performing orchard you will find an owner who is passionate, enthusiastic and can read their trees well.

When you talk to growers, what do they say is most important to them?

Communication, making sure everyone is kept in the loop is one of the biggest things as well as good ongoing support and advice.



Matt Roeszler, Client Services Representative for Kauripak.

When you're not working for Kauripak, how do you spend your downtime?

Spending time with my family, I have two kids under two which keeps us busy. I also enjoy surfing, fishing, tramping as well as playing guitar in a couple of bands.

As a consumer, there's many wonderful ways to eat avocados. How do you enjoy them?

I love eating avocados straight especially on top of a spicy Mexican dish. ■

AGRC

Experiences valuable

AVOCO's Grower Relations Committee is the voice of growers, meeting regularly with directors and senior management to update policies and to set the direction that AVOCO takes. In recent months, the committee welcomed two new members, Deon Cartwright and Terry Ridder.

Stepping up

Opportunities can present themselves sooner than expected and when they do, Deon Cartwright is someone who grabs them with both hands.

Deon is filling the vacancy left by long-serving AGRC member Rex Scharnweber who stepped down this year from his role representing Team Avocado Trust growers in the mid-North.

While still relatively new to growing avocados, Deon brings to the AGRC a wealth of business experience in competitive export markets, having previously spent 13 years with New Zealand building products and construction company Fletcher Building.

"I've come from a corporate environment working in the steel commodity market in sales and operations, so I understand the kinds of international market pressures that the avocado industry faces."

He's also following in the footsteps of father Neil Cartwright who grew avocados for more than 13 years and served as a Team Avocado trustee as part of the trust's early development.

Originally, the Cartwright family were in the dairy industry and having grown up on a farm, returning to the primary sector feels like a homecoming to Deon.

Deon and his wife bought their avocado orchard at Whatitiri Mountain three years ago as an investment. But working on the property sparked a desire to leave Auckland and enjoy a full-time rural lifestyle with his young family.

"I loved what I was doing with avocados and managed to convince the family to move to Whangarei with me two years ago."

Since then, his sister has also come on board and together they plan to develop an orchard with 40ha of avocados. It's an ambitious project but one he has confidence pursuing given the positive state of the industry and the role AVOCO plays in it.

"What AVOCO has achieved for growers in a short period of time has set the scene for the industry's ongoing success," he says. "I suppose I always had an interest in becoming a trustee but thought I'd get a few years growing fruit under my belt first. Rex's departure sped up the timeline a bit but I've also had a lot of support from my neighbour in Whangarei, Mark West, who serves with me on the AGRC and has shared with me how it all works."

PLANNING FOR CHANGE

While Deon says the industry is in a good place at the moment with everyone "riding the avocado wave", he knows there will come a time when export marketing companies like AVOCO are challenged.

He believes New Zealand growers need to prepare for the fact the Australian market will become more competitive in the not-too-distant future.

"Mexico and Chile will get into Australia and most likely here too. That's likely to challenge us locally but as growers, we need to be focussed



Deon Cartwright

on growing for export. At the same time, we will face pressure in offshore markets further afield as well so we will all need to learn to function more efficiently."

On the topic of China's potential as an export market, Deon is taking a wait-and-see approach while acknowledging its huge population will drive a lot of consumption growth.

"China will have a role in the market mix. With new plantings and extensive orchard developments happening up north, New Zealand is going to need somewhere to put all the extra fruit and now that we have access, it's great to have China as an option."

BUYING AND SELLING

Popularity of avocados around the world has had a positive flow-on effect in New Zealand. Orchard prices have lifted in recent years but that creates challenges for younger people wanting to get onto the orchard ownership ladder.

As a newcomer to the industry himself, he knows only too well how hard it is to make the numbers work and he predicts the industry will see change in the way orchards are owned and managed.

"Property prices have grown massively off the back of renewed interest in avocado orchards but banks are only lending at half the land value. With the older generation looking to step away from orcharding and sell in the next 10-15 years, we'll probably see a mix of buyers replacing them."

For Deon, his orchard is one that he plans to keep working on for many years to come and one day, pass on to his family to run. Sitting at the AGRC table, he wants to ensure AVOCO has its eyes open to new opportunities and is in a position to capitalise on them when they arise so all growers benefit in the future.

"Without AVOCO, the industry would be a dog's breakfast and its formation has helped to influence a lot of good behaviours.

"It definitely has its finger on the pulse of where markets are going. It would be nice to cherry pick only the best OGRs over a season but the reality is that there's real long-term gain in developing markets in Asia under the AVANZA brand." ■

Still learning after 30 years

Representing DMS growers, Terry Ridder joined the AGRC in December 2017, 30 years after planting the first of 250 avocado trees on bare land at Ongare Point, north of Katikati.

Growing up in Pukekohe with a father devoted to market gardening, he carried on the family tradition in the Bay of Plenty and used it to support his own family as he developed his avocado orchard's foundation block over 10 years.

He has since extended the orchard twice – first in 2002 with Hass trees using Zutano rootstock then again last year with a further 150 clonal trees. The orchard is now spread across 5.5 canopy hectares.

Having clocked up 30 years' hands-on experience as a top-performing grower, he's now happy to contribute his views to an industry that's constantly evolving.

"I've seen a lot of change over the past three decades," he says. "In this business, you're still learning every day."

Greater understanding about the benefits of pruning has resulted in improved cropping on many orchards.

"I started pruning in 1995 mainly for access because we needed to make it easier for hydraladas to get closer to the trees. Then we pruned for height but now, we understand more about the benefits of pruning for more consistent fruit production."

Keeping his trees no higher than 8-9m-tall was the key to his orchard's productivity, says Terry.

"Our orchard has been in the top 10 per cent of AIC orchards for production. For 10 years on the trot, we've gotten a crop every year.

"In 30 years, we've only had three poor years. Consistent cropping is so important in this industry because only then are you really getting ahead."

He acknowledges that location also has a part to play in an orchard's success. Ongare Point, only a kilometre from the coast, is an established growing area with good soil. Terry's orchard also lies to the north, with trees lapping up the sun throughout the day.

Experience in the fertiliser industry has also taught him a thing or two about the nutritional requirements of avocado trees – information which comes in handy for any grower.

"Avocado trees can be very sensitive," he says. "A tree can be your best performer then become your worst if you're not properly responding to its needs.

"You need to learn to read your trees and if you see something happening, you need to react to it and take action quickly."

More sophisticated pest monitoring has also been a game changer for growers, with the adoption of NZ Avocado's AvoGreen system resulting in increased export pack outs.

SETTING THE BENCHMARK

Always a loyal supplier to DMS Te Puna, Terry has exported through other companies but has always regarded AVOCO as the industry's "benchmark exporter". He says DMS' decision to partner with AVOCO last year was widely welcomed.

"AVOCO has the professional staff and industry experience to manage any challenges that come along.

"Before AVOCO, there were chainsaws sitting at the bottom of trees under threat from being taken out and replaced with kiwifruit. Now that the industry has some stability, avocado orchards have regained their popularity and that's great to see."



Terry Ridder

OVERCOMING CHALLENGES

Terry hopes to contribute to the AGRC by drawing on his lengthy experience as a grower. While he says it is encouraging to see the industry attracting new, younger growers, experience counted for a lot. And there would always be new challenges to overcome.

One challenge the industry faces is the use of chemicals and pest control for six-spotted mite. The impact of the mite can have devastating consequences on orchards and Terry says it's disappointing that there are limited chemicals that growers can use to combat them.

"Mites can defoliate a healthy tree within six weeks. Phytophthora management is another ever-demanding challenge but foliar sprays could one day provide an alternative to injections."

Research was also needed to find alternatives to copper spraying, something he says half the industry is still opposed to. "No one wants to see copper levels build on their property, especially orchards that could one day be turned into lifestyle blocks. But until we find real alternatives to copper, we will need to keep using it in order for our fruit to travel long distances and retain its quality."

Maintaining quality is critical to AVOCO and the AVANZA export programme which has expanded its reach this season to now include Taiwan and China. The role that AVANZA plays in AVOCO's export strategy should not be underestimated, says Terry.

"AVANZA presents a united front. Australia would probably like to kick us out at any stage so we have to have eggs in other baskets. We need to keep developing markets."

Terry is a grower registered to supply China and believes in actively supporting the programme for the opportunity it presents as the market grows and consumers learn more about the unique qualities of New Zealand avocados. DMS guided him through the extra steps it took to become registered.

"You do have to be on the ball and all your bookwork has to be up to scratch. My message to growers is to work closely with your packhouse. The compliance isn't too bad."

Having been a consistent contributor to the New Zealand avocado industry for three decades, Terry believes the next 30 years will see the industry become more intensive in the same way the apple industry developed its own small trees. This will come off the back of enthusiasm for trials involving clonal plants.

"If we can consistently crop the new clonal trees, then the industry will be able to explore the use of more intensive planting. More land will be able to be planted in avocados, including slopes.

"The challenge for growers is maintaining consistency between five and ten years after they first go in the ground. How do you increase your yield during that period? Until we see proof of that, it could be hard for many people to move away from big trees." ■

Standing out in a crowded market

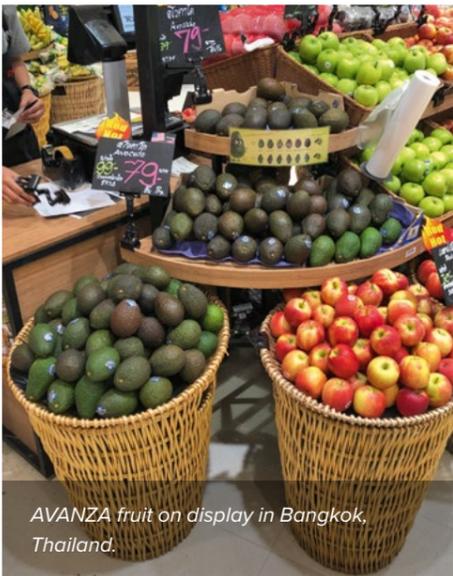
Our market managers use New Zealand's unique story to reinforce AVANZA as a premium quality brand and, as markets become more competitive, this will become even more important in the future.

Increased competition

Across Singapore, Thailand and Malaysia, AVANZA fruit has faced increased competition in the produce aisles from fruit sourced from other origins.

Mexican avocados account for the bulk of fruit sold in Singapore and heavier than expected volumes earlier in the season forced AVANZA to delay shipping for a period of time. Despite the later start, the volume of fruit marketed is likely to be 20% up on last year.

By November, fruit from New Zealand was



AVANZA fruit on display in Bangkok, Thailand.

flowing steadily in Singapore where AVANZA continues to receive support from key retailers. This year, retailers were given an avocado guide booklet developed by AVANZA to help them better understand ripening best practices.

Export market manager Henry McIntosh says social media, influencer marketing, in-store sampling sessions and retail education have important roles to play in developing South-East Asian markets and this season was no exception.

"We supply fruit directly to high-end Thai retailer TOPS and this season we completed our technical training with their team. Education on how to ripen and handle avocados helps them to deliver quality fruit to consumers each and every time, which keeps them coming back for more.

"We also designed new point-of-sale recipe cards for the Thai market to encourage people to try new dishes."

Despite increased competition from all New Zealand exporters in Thailand, Henry says AVANZA has maintained a premium position in the market and successfully elevated its profile through sponsorship of "avocado week" in Bangkok.

In Malaysia, AVANZA continued to have a presence, using avocado sampling sessions as a promotional tool to encourage consumption but also to highlight the fruit's superior quality compared with avocados from Kenya, Mexico and Australia. ■



Market manager Henry McIntosh educates TOPS retail staff about fruit ripening and handling.

Strategy delivers premium value

Marketing and communications manager STEVE TRICKETT says AVANZA's presence in China this season was an opportunity to build brand awareness and test the reliability of a new distribution partner.

In this brand new Asian market for New Zealand avocados, AVANZA has lead the way, representing about 85% of our country's exports to China.

Shipments were delayed by four weeks at the start of the season due to the late timing of China Customs officially listing New Zealand avocados as an improved import. Despite this, AVANZA still achieved 55% of its pre-season plan, shipping a total of eight 40ft sea freight containers to Shanghai between September and November, as well as sending airfreight volumes at both the commencement and conclusion of the supply programme.

The journey by sea takes 18 days but the quality of fruit on arrival was generally very good. Sales are due to be completed by Christmas week.

"Goodfarmer has proven to be a very reliable importer-distributor for AVANZA, having met all our expectations and requirements," says Steve. "In all areas, from state-of-art warehouse handling, ripening and distribution through to brand support, communications, pricing and retail sales management, Goodfarmer has delivered."

AVANZA's strategy in season one has been to supply high-end retailers with only large sized fruit to differentiate from the abundance of competitively priced fruit available from Mexico and Chile. It's a strategy that has earned the "AVANZA" label a premium of between 25% to 40% on the supermarket shelf compared to fruit from South American origins.

Steve says AVANZA's aptly developed China brand name, "Chao niu guo" (which translates as "the super one"), provided the essence of AVANZA's story-telling this season, providing an opportunity to highlight the special qualities of

New Zealand avocados.

"We've focused on telling the unique story of the provenance of our fruit, our different growing conditions and production practices, which all contribute to the superior size and taste of New Zealand avocados."

EDUCATION AND TASTING EVENTS

The AVANZA programme was supported by 250 tasting days at the four main retail chains that AVANZA served. Purpose-built point-of-sale kiosks were manned in-store by a team of AVANZA-trained and uniformed "Brand Ambassadors" who engaged with shoppers to talk about the fruit's New Zealand origin and AVANZA brand story. They handed out samples to taste, as well as leaflets containing information on health and nutrition, fruit handling and recipe ideas.

Given the heavy use of social media and digital platforms within China, AVANZA also launched a "mini-App" barcode to be scanned by smartphone, to engage directly with consumers.

AVANZA also trialled some online sales through one of China's leading e-Commerce retailers, JD.com, to understand the pros and cons of pursuing that sales channel in future.

A total of 30 growers were involved in the Year One programme, which limited AVANZA's ability to achieve greater volume. However, next year's programme should involve a considerably larger volume, with more than 450 AVOCO growers registering to supply China in 2019-20.

"With greater support from growers, we can reliably build a more significant programme targeting between three to five containers per week from season commencement through to December," says Steve. ■

Avocado awakening

India is New Zealand's seventh largest export trade partner and increased competition shows the avocado category is awakening, reports market manager TONY PONDER.

Growing affluence among India's upper middle-class population is a key driver for avocado sales, making this market increasingly attractive for nations with quality fruit to sell.

Over recent years, AVANZA has been growing its market footprint in India, albeit at small volumes. It has been developed as a market where AVANZA can generate high value return for large 20 count premium quality fruit. However, competition from Peru and New Zealand's reduced export crop collectively undermined AVANZA's programme in 2018-19.

AVANZA had planned to ship 25,000 export trays but this was revised down to 18,000 trays due to the impact of lower than anticipated volumes and the unexpected arrival of fruit in the market from Peru through September and October.

Peruvian exporters benefit from a Free Trade Agreement with India, giving them a competitive advantage over New Zealand. This meant AVANZA's ability to hold premium prices came under pressure in the first half of

the season.

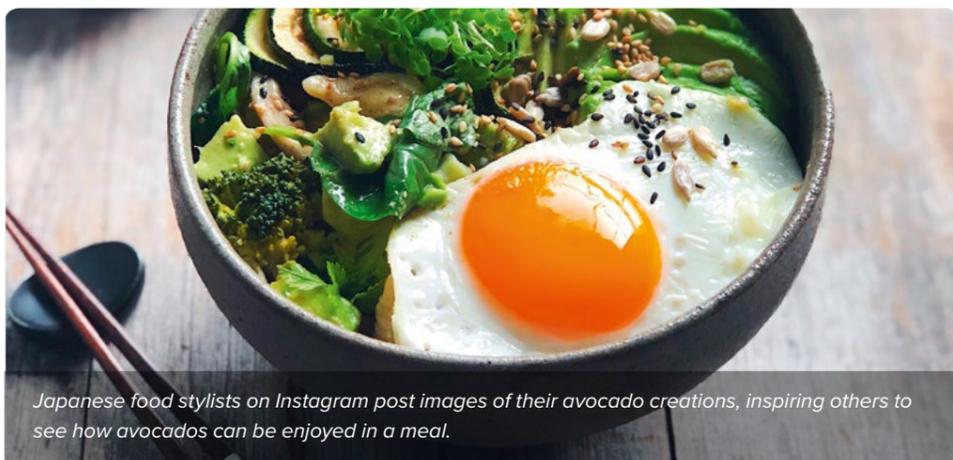
Ironically, the additional presence of Peruvian Hass avocados will likely grow product awareness and overall demand, benefiting AVANZA long-term, says Tony.

"We anticipate continued growth in this market but the challenge for us will be to maintain AVANZA's premium quality branded position."

Long transit times by sea, limitations on suitable Controlled Atmosphere technology for 20-foot containers and variable fruit quality are factors inhibiting market development.

Notwithstanding those factors, India is showing promise as a potential growth market able to deliver good returns for larger sized fruit, with AVANZA's two importers initiating sales in new market sectors across Mumbai, Bangalore and Delhi.

Promotional activity has focussed on in-store demonstrations at selected retail chains, consumer education through point-of-sale material and an avocado toolkit developed specifically for the food service sector. ■



Japanese food stylists on Instagram post images of their avocado creations, inspiring others to see how avocados can be enjoyed in a meal.

Changing perceptions

Demand for high quality AVANZA fruit remains strong in Japan which remains a priority market for AVOCO.

This season, about 95,000 trays will be shipped to Japan, up 25% on last season. The 12-week supply period started late September and has been kept deliberately tight due to limited volumes. However, across the whole season, AVANZA will account for 95% of New Zealand's avocado exports.

Export manager Ted Thomas says the focus is on ensuring Japanese consumers have a premium avocado experience with every piece of AVANZA fruit they purchase.

"We are in the market for a relatively short period of time so keeping New Zealand avocados relevant to targeted consumers and retailers remains a challenge. For this reason, we must continue to invest in promoting New Zealand's premium quality image."

In-market agency Candlewick was tasked with lifting the public profile of AVANZA avocados and, in particular, convey the message that not all avocados are created equal.

"The general perception is that it's ok to purchase avocados from any origin but we're wanting to reinforce the idea that anyone buying avocados needs to buy New Zealand avocados as they are the best.

"The New Zealand avocado story is our point of difference in the market so all our promotional activity has highlighted this, as well as messages around food safety and the premium quality, taste and excellent nutritional value of our avocados."

Avocado consumption in Japan is growing year on year, with research suggesting this will

continue for some time. Most of the population (60%) still don't eat avocados regularly so Ted says there is still plenty of room for market growth.

PROMOTIONAL STRATEGY

Digital marketing strategies and social media combine well to drive sales and fuel desire for AVANZA avocados in Japan. In one social media campaign, consumers were asked to post photos of their New Zealand avocados or avocado dishes to Instagram, adding a designated hashtag and an explanation of where they purchased their fruit.

Food stylists and food bloggers were also sent New Zealand avocados and asked to post images of their avocado-inspired creations to Instagram.

Equally important to the promotional strategy is traditional media coverage and in-store tastings, which serve to highlight the limited availability of New Zealand fruit and its superior taste compared with fruit from other origins.

"Feedback from our tasting events suggest that more Japanese consumers are noticing the unique flavour profile of New Zealand fruit, with many pointing out how natural our fruit tastes compared to the rich and oily flavours they associate with Mexican fruit," says Ted.

With support from AVANZA's import partner Farmland Corporation, consumers also continue to be educated on the various stages of avocado ripeness. Buying "ripe for tonight" remains a key promotional message for AVANZA in the produce aisle. ■

Korea holding strong

More than a third of AVANZA's fruit has been shipped to Korea in 2018-19, making it New Zealand's largest market outside of Australia, writes market manager MARTIN NAPPER.

Demand continues to soar and values lifted in December, in large part due to the flow-on effects from activity in Mexico last month which saw growers blockade their avocado shipments to the US and beyond to increase orchard returns.

This created a shortage of fruit in Korea and raised questions about how reliable the Mexican supply line is, says Martin. "Unfortunately, with our smaller crop, we were unable to offer any extra assistance to our customers."

Despite this, New Zealand's profile in the market continues to be viewed positively as a result of promotional events involving NZ

Avocado as well as those coordinated by AVANZA's in-market agency, Latitude.

AVANZA collaborated with Maeil Dairies again in activity that encourages consumers to sample avocado smoothies. About 80,000 supermarket visitors were shown how to re-create smoothies at home and, for the first time, how to ripen their avocados with other fruit using brown paper "AVANZA" bags.

Promotions also extended to a two-day, family-friendly music festival in October when more than 4000 people sampled the avocado and soy milk smoothies, served in compostable paper cups. ■

2019 AVOCO Scholarship

On the road to exciting career

This year, AVOCO launched a Tertiary Scholarship worth \$5000 to encourage research into subjects that could benefit New Zealand's avocado industry. The recipient of the inaugural 2019 scholarship is Caitlin McCulloch.

The daughter of Te Puke avocado growers, Caitlin has been studying for a Bachelor of Science with a major in horticulture at Lincoln University. The 20-year-old will complete her third and final year of advanced study at Guelph University in Ontario, Canada where she's looking forward to extending her knowledge.

"Whereas Lincoln University has given me a strong science base, it unfortunately doesn't give students the chance to major in horticulture, which is surprising for a land-based university," says Caitlin.

"Fortunately, I can do that at Guelph which is a partner university of Lincoln and one that has a solid reputation for sustainability and the use of modern technology."

Her first semester courses start on January 7 when she will explore a full range of horticultural subjects, including propagation, apiculture, medicinal plant management and organic horticulture.

"I'm really interested in pursuing integrated pest management and bio-control more," she says.

"There's a general push for a much greater understanding about how we can manage pests in our orchards in a more sustainable way. These are growing areas of interest among orchardists because it seems more people want to take a holistic view in the growing of crops."

BACKGROUND FUELS INTEREST

Growing up on an avocado orchard in Te Puke, she says she was always hands-on with her family, tagging along with parents Andrina and Greg to help when needed. Being surrounded by gardens and various fruit trees sparked an interest in horticulture but it was only later at Lincoln that Caitlin says she seriously considered the idea of pursuing it as a career option.

"... being able to apply the science in a very hands-on way to make a difference is something that really appeals."

"I attended two different high schools and horticulture was offered but it was not taken seriously by students. Most of those who took it were generally there to fool around.

"That put me off but I'm a curious person and the more I looked into plant sciences at Lincoln, the more I realised how many opportunities there are to apply my interest in science to the horticulture industry.

"Horticulture suits me well because I enjoy the practical side of research and being able to apply the science in a very hands-on way to make a difference is something that really appeals."

She hopes the scholarship will open doors for her after she graduates and says a career in



Caitlin McCulloch

the avocado industry is one that would tick lots of boxes.

"Definitely avocados are in my mind for a future career but I'd like to immerse myself in any one industry and get stuck in with all the practical stuff.

"I like how the avocado industry is still growing and there are still opportunities to influence how it develops."

It also helps that she understands how avocado growers tick. Like many orchardists, she says her parents are hungry for knowledge about how to improve their orchard productivity.

"They've always been open-minded to trying new things and they can definitely see the benefits of how further scientific research will support them becoming more productive in the long-run.

"Naturally, Mum and Dad supported my study choice and have always been interested to hear what I've been learning and I've enjoyed sharing with them the science behind a lot of the practical stuff that they do."

She's incredibly grateful to AVOCO and its community of growers for offering the scholarship which will help her complete her studies.

"I heard about the scholarship through a friend at Lincoln," she says. "At that point, I'd almost given up looking for scholarships altogether because there aren't many around that are specific to horticulture.

"It's exciting to be the inaugural recipient and I can't wait to just get stuck in to my studies next year." ■

Reaching new standards

Exporting avocados to China forces growers and packhouses to comply with strict new requirements. We talk to KATE TRUFITT from Apata to highlight how one packhouse has gone about educating its growers and staff on changes in the first year of supply.

Growers and their packhouses sending fruit to China have raised the bar for quality as the industry looks to capitalise on the exciting new market opportunity in Asia.

Now, those supporting AVOCO's China programme in 2018 are being praised for their diligence and extra commitment to record-keeping which industry leaders hope will one day become the industry norm.

New requirements relating to the AvoGreen pest monitoring and management system for China has forced growers to pay closer attention to their spray diaries, with pest monitoring companies and packhouses also under greater scrutiny due to the higher level of compliance and auditing obligations.

"The challenge for the industry will be to get more growers to accept the new compliance standards as the new normal."

The new phytosanitary rules for China are set out in the industry's first Official Assurance Programme (OAP), developed between the industry and Ministry for Primary Industries (MPI). All parties through the supply chain, from the grower right through to the exporter, must meet the requirements.

The OAP's evolution began last year with a series of workshops between packhouses, MPI and New Zealand Avocado.

Apata's business manager and group safety and compliance manager Kate Truffitt says early discussions involved officials learning more about everyone's capabilities and what could practically

be implemented.

"We needed to find ways to meet MPI's expectations in such a way that were practical for us, for growers and all the support people around us."

After the OAP was finalised, everyone through the supply chain was educated on the new requirements.

"Everyone involved, starting with the grower and going right through to the pest monitors, packhouses and exporters, had to have a solid understanding of the requirements, because at any stage, MPI can come through and audit someone against those requirements, and that can be quite daunting for a grower especially."

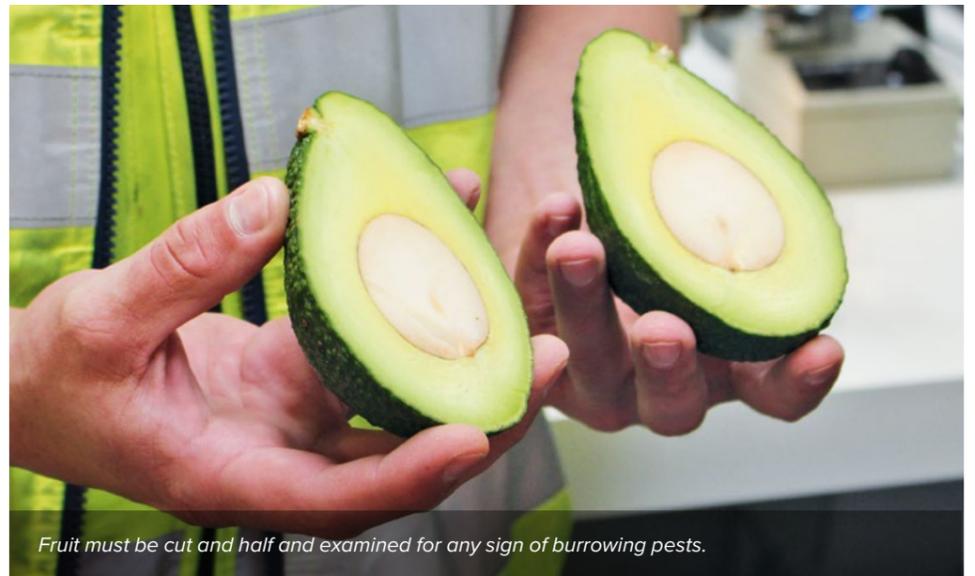
Exporting to China saw two pests of concern added to the industry's AvoGreen programme – longtailed mealy bug and fuller's rose weevil. This meant conversations had to happen with pest monitoring operators who were being asked to monitor a total of 12 pests instead of 10.

Three operators provide AvoGreen monitoring services to Apata growers. Kate and her team worked with them to understand how they would meet the OAP requirements and also called for growers to volunteer their interest in supplying fruit to China. Twenty-four growers put their hands up.

"We held a big workshop with growers and Glenys Parton from NZ Avocado to inform them about their requirements and to give them a chance to ask questions. We then worked with growers one-on-one.

"We developed our own checklists and compliance sheets to help growers understand the role they needed to play. Some growers stepped out of the process halfway through due to the stricter compliance requirements while we had to rule others out."

Thirteen Apata growers are supplying fruit for China in 2018. Kate expects this number to increase next season, but also acknowledges that many smaller, lifestyle growers feel



Fruit must be cut and half and examined for any sign of burrowing pests.

overwhelmed by the compliance process for China.

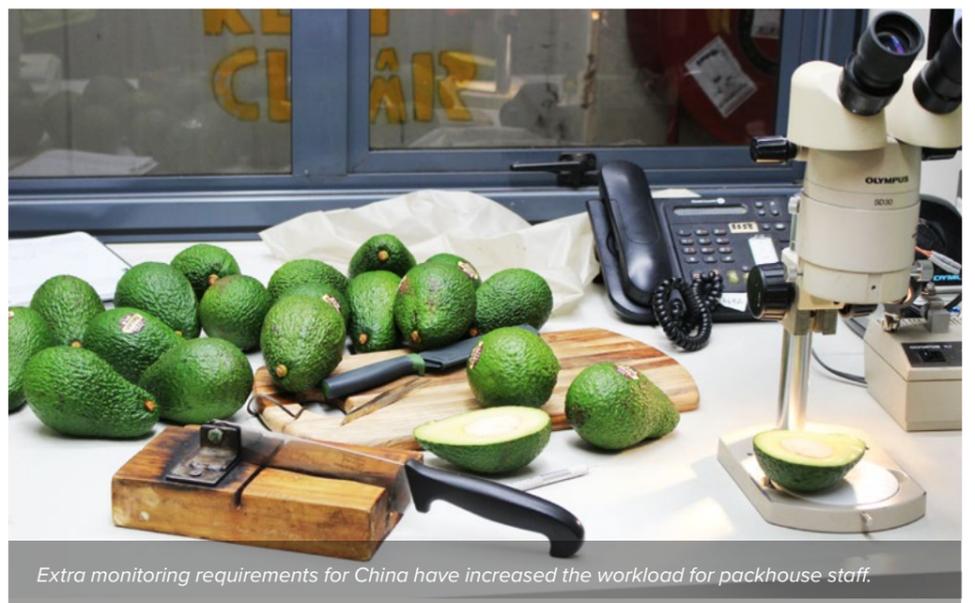
"Packing for China has created a lot more paperwork for growers because the decision-making around the thresholds has changed. Different decision criteria apply in the orchard when pests are found and everyone involved needs to document those decisions and prove they've taken the appropriate actions.

"The expectations that everyone has to meet are tougher but we have to remember, the apple industry has OAPs and packs to this level of compliance day in and day out. They grow and pack their fruit with the intention they're meeting

it's New Zealand's reputation on the line."

As part of the OAP, every packhouse packing for China must have their fruit waterblaster commissioned annually instead of every five years. When it's operating, it also needs to be closely monitored to ensure it's not leaving any deposits on the fruit. Pollen or other deposits picked up by quality controllers would mean the waterblaster is not cleaning 100% of the fruit. In that situation, communication between the waterblaster operator and quality control staff is critical.

"They have a conversation every half-hour and check that no nozzles are blocked and that



Extra monitoring requirements for China have increased the workload for packhouse staff.

the highest export standards."

Kate says that the level of compliance required for China could lead to a two-tier level supply base of growers; those that grow to the highest export standards, including those for China, and those that don't.

"The challenge for the industry will be to get more growers to accept the new compliance standards as the new normal."

TEAM EFFORT REWARDED WITH ACCREDITATION

Apata was approved as a China-accredited packhouse in its first audit by MPI assessors. Earning accreditation first-time round is regarded as a major achievement and is something Kate attributes to her fantastic support team which used process management software Promapp to ease the burden of implementing the new requirements.

"That helped us create simple instructions for staff to follow."

A lot of time also went into training supervisors and key personnel within the packhouse. They had full team meetings and one-on-ones with staff to discuss their particular role and the importance of the OAP.

"Whenever we did our quality checks, we reminded everyone about the importance of doing it well for the New Zealand industry. If we stuff it up,

everything is running smoothly," says Kate.

Other new measures brought about by the OAP is a doubling of the number of fruit inspected in the packhouse for quality control. In a batch 2%, or a minimum of 1200 pieces, is examined by trained Quality Controllers.

And for the first time, quality control staff are now cutting fruit in half to prove it doesn't contain any burrowing pests. "We don't have these pests but China is very keen for us to prove we don't. So, we have to cut a minimum of 60 pieces or 5% of the phytosanitary sample."

The extra monitoring requirements and a desire to do things right have increased workloads, prompting Apata to employ another two full-time staff this season.

Extra requirements have led to additional cost throughout the supply chain but, with this being the first year, everyone is still crunching their numbers, Kate says.

"Despite the extra burden of paperwork, it's pleasing to know there are growers who really understand the benefit of supporting China.

"One of our growers, John Silson, told us he was motivated to support the programme because he felt it was the right thing to do for the good of the industry.

"These growers deserve the title of 'China champions' because they really are leading the way for the rest of the industry." ■



Quality controller Jackie Smith closely inspects fruit destined for China.

Rock on 2019!

Putting the season's fruit quality issues to one side, business development manager for Apata, **THERESE TEMPLE**, is looking forward to breaking records in 2019.

What's happening in Apata's world? We are out there doing it! Harvest is running along at a smooth pace. The crisis in Australia has passed by and growers can look forward to good returns. Thank you to all growers for their understanding when we were asked to slow down production by AVOCO.

Each season poses a different set of challenges and this year it's fruit blemish and high maturities causing fruit drop. It's a difficult ask for growers to hold fruit but AVOCO has increased the incentives this year to compensate for that fruit loss. Crop estimates have dropped away for export due to excessive wind rub but local market returns are also looking promising which will go a long way to compensating growers who are used

to high export pack outs. It will be interesting to see if our bin estimates were right for this season only to be thwarted by Mother Nature for our crop estimate to AVOCO. I know that we are not the only ones paddling this boat.

Flowering has come and gone, and we are all keeping close lipped about the set. We have seen some viable fruitlets out there but don't like to get to excited until December when it really starts to show. The industry is due for a big season and we are already thinking about what staff and machines we need for next year. Bring it on as we are ready to break the million-export tray year. We have been close to achieving this twice now and Apata will look forward to a big celebration with our growers if this happens. Apata would like to wish you all a safe and happy Christmas and New Year. ■



Apata's Annual Classic Car Day

Mother Nature to work her magic

The tail-end of the season is all about sticking to the flowplan, writes **TOM CLARK** from Far North Packers.

We are just under two thirds of the way through the season. Our new (to us) sizer was installed just in the nick of time as export began a few weeks earlier than originally planned. August was really busy, but packing became quieter in October as everybody slowed down in response to a sluggish market. Luckily things have picked up again during November.

Reports around the success of flowering have been varied among growers in the district. Springtime conditions were fairly stable, so fingers crossed that Mother Nature has worked her magic here. Lately many growers have been busy with post-flowering clean up sprays. This is appreciated as we had noticed quite a bit of leafroller turning up in the bins of some lines.

Picking has seemed to run in fits and starts and the adherence to flow plan this season has not been the best I have seen. A reminder that a disciplined harvest flowplan makes for a happy market and this is key for money in the bank.

Almost all growers have been available for non-Australian markets and this has helped with AVANZA commitments. Thanks for your sustained efforts here.

It was a relatively benign winter but there has been a surprising level of wind-related defects. Rodent damage has also been abnormally high. Our export average is currently sitting at 72.4%, which is about 3% down on this time last year. Fruit size has been a full point better, with a shed average of 24.4 fruit per tray and 29.3% of export fruit weighing in at 28 count and smaller.

From here on in the main focus is flowplan. To that end we are ramping up production to meet the holiday demand in the Australian market. Time to get busy.

On behalf of the crew here at FNP, I would like to wish you all a safe and happy Christmas and New Year. Keep on picking! ■



Second season going strong

With opportunities to supply a broad range of Asian markets, including China, the future looks bright for growers, says **PHIL CHISNALL**, general manager for business development at DMS Te Puna.

It's our second season packing under the AVOCO brand and we are very pleased we made the transition last year.

Things are certainly different this season with larger volumes being packed at DMS Te Puna. We are on target to pack 140% more export trays than what we packed last season. We are delighted with our growth and would like to thank our existing loyal growers for their continued support and new growers who have joined us for packing this season.

At the end of November, we were 55% through our pack plan. We expect the majority of our orchards will have harvested approximately 75% of their fruit by Christmas. Quality of fruit is generally good but due to strong early season winds, we have a higher incidence of blemish impacting on pack outs.

Harvesting has been going exceptionally well apart from one week in November when the heavens opened up with over 100ml recorded in some areas. This put pressure on bin numbers required to meet our pack plan for week 48 export. A big thank you to our



harvesting contractors for their extra hours worked on fine days to get close to required bin numbers.

Pollination on most orchards looks fantastic with excellent early fruit set showing up in large numbers. I know there's a long way to go but the early signs are very encouraging for a much larger crop on most orchards for the 2019-20 season.

The recent 'Growing for China' workshop held for our growers presented by the AVOCO team went exceptionally well with an excellent turn out of DMS growers. With China poised to become a very strong market for New Zealand avocados it's important that, as growers, we play our part with compliance for the China market. ■

Systems under pressure

BRETT JEEVES from Golden Mile Fruit Packers is hoping the new year will be smoother sailing after tannin staining affected packouts earlier in the year.

As I sit down to write this, we are sitting at approximately 460,000 total trays packed since the season began in early July. Our export season started in the last week of August and, to date, we have averaged an export packout of 64.5%, with an average size of 23.8.

In comparison to last season, our average size is very similar, but we have been hit hard on our export packouts, predominately due to tannin stain, and we are currently 5.5% below where we were this time last season. A whopping 55% on average of the fruit we have rejected from export has been due to stain, and much of this fruit has been too stained to even make class 2.

Due to our lower packouts, we recently reduced our overall estimate, and we are now sitting at 65% picked. We look like we will be around 77% picked by the end of December.

To date, we have done well with meeting our flow plan commitments, and we have been fulfilling orders as required. Most of our growers remained compliant to our AVANZA market withholding periods, and we have been able to meet these orders in a timely fashion. Moving forward, we need to keep the flow going as planned to meet Australian commitments through Christmas and into the



New Year, as we don't want our supply to key retail customers falling short.

Systems here at the shed have been running well, and I'd like to give a big thank you to all our staff, and especially our key staff for the effort they put in. It's been quite challenging this season with fruit quality the way it's been, and they have all gone that extra distance to keep things smooth.

As far as fruit set goes, it looks promising, but it is as yet still too early to call, so fingers crossed the stars have aligned and we have a decent crop for next season.

In closing, from all the crew here at Golden Mile, we wish you all a safe and happy festive season. ■

Packhouse Reports

Disappointing packouts

LINDA FLEGG at Kauripak is hoping Santa brings with him settled weather for growers with fruit still on the tree after Christmas.

It has been a trying season to date for everyone involved. Growers in general have been very disappointed in exceptionally low export pack percentages due to blemish and wind rub. As at December 1, Kauripak was 52% through our total volume with 168,279 export trays packed to date. The average export pack is 63.24%. Traditionally before Christmas we are usually expecting an average of around 80%. The average export size is 23.34.

As we work towards China compliance for next season please ensure you provide your pest monitoring records from November 1 2018 onwards. We are required to keep a copy of your contract with a monitoring firm,

or your certificate of accreditation. We also need your sample plan and calendar, along with your monitoring results. We will be updating maps for those growers that have multiple production sites.

We are seeing a lot of pest pressure, particularly leafroller and six spotted mite, so please ensure you protect your new season's crop. If you have any queries regarding chemical choice, please don't hesitate to contact us.

As the silly season rolls round, the team at Kauripak would like to wish you and yours a Merry Christmas and a Happy New Year. The Christmas present list is pretty simple, fine weather and no storms between now and the end of February. ■



Wishing for fine weather from now to end of the harvest.

Promising fruit set

Late-spring rain has set up trees well for a summer which weather experts predict could be drier than normal, writes DANIEL BIRNIE from Trevelyan's.

They say the only constant is change. Well that's certainly true when growing avocados. Here we are in early December (at time of writing) and the fruit set is looking very promising. We have been fortunate to have had lots of rain post-flowering (86mm in the last two weeks of November, at the NZ Avocado rain station on Rangiuru Rd in Te Puke).

Trees look like they are setting themselves up nicely (although some may need some pruning to balance the load). NIWA is predicting an El Nino summer with less than normal rainfall. We will wait and see what eventuates.

Something new in the mix is growing for China. Many growers have signed up for this.



The simplest advice we are giving growers is that if you exceed the threshold for any given pest, if you spray within 28 days you will remain compliant for China.

Advanced fruit maturity is something we have been dealing with this season. Interestingly, we looked at our average dry matters from the month of August.

Fruit pieces sampled	Ave dry matter	
2015	358	23.5
2016	1301	23.7
2017	711	23.8
2018	911	25.1

Is this the new normal or is it a seasonal issue?

Finally, at Trevelyan's we are very happy with the way this season's harvest is progressing. Thanks must go to our contractors who work with us to flow fruit in a timely manner. Remember to look after your contractor (some scones at morning tea go a long way)! Have a good one. Cheers! ■

Achievement

A bright future

2018 has been a stellar year for AVOCO's Danni van der Heijden.



After joining AVOCO's technical team mid-year, she won the New Zealand Young Grower of the Year award, beating six other contestants in a day-long session of horticultural challenges. She was also judged the top Young Fruit Grower and

took home awards for finance, innovation and speaking.

She earned the right to compete for the national title after winning the Bay of Plenty Young Fruit Grower of the Year award in February, when she previously worked for one of AVOCO's packhouse partners, Trevelyan's Pack & Cool.

Danni's successive wins culminated in her competing in the New Zealand Young Horticulturalist of the Year contest in Auckland last month. She finished third and won the Agricultural and Marketing Research and Development Trust (AGMARDT) Market Innovation Project award for a tool she has developed for the avocado industry to improve the accuracy of crop estimation.

The challenge was designed to stretch contestants' abilities to innovate, develop sound business models and add value to their respective industry.

Well done Danni – AVOCO and our wider family of packers and growers are very proud of you. ■



Danni was tested in a series of horticultural challenges.

Your AVOCO Grower Services Team

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