

avocconews



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Director's Review

Silver linings during uncertain times

Travel restrictions due to COVID-19 and a smaller fruit size profile present challenges this season but Avoco directors JOHN CARROLL and ALISTAIR YOUNG say consumer demand in Australia is encouraging.



CCOVID-19 has thrown everyone a curveball in 2020, but the horticulture industry is faring better than most. As an essential service, we have been able to carry on largely 'business as usual' at our orchards. Our market management teams, spread between offices in Auckland and Te Puna, have adjusted to holding meetings with each other and with our global customers via Zoom, especially during Levels 3 and 4 earlier this year.

We were very fortunate that the initial lockdown occurred after we had completed our last export season. Unlike our kiwifruit counterparts, we had the luxury of being able to observe and take lessons during what turned out to be their largest harvest to date. In the Bay of Plenty, three out of four of our packers are also major kiwifruit packing sheds, so we launched our 2020-21 season with the confidence of knowing that our packhouse partners were well-placed to handle all the new disciplines required of them in this more challenging picking and packing environment.

Likewise in our export markets, all the companies we deal with, especially in Asia, have acclimatised to the post-COVID-19 world. Our key customers understand that travel restrictions mean that it's no longer practical to visit them, without being forced to self-quarantine at both ends. Fortunately, our long-standing business relationships ensure that everyone has adopted a balanced and common-sense approach. Everyone understands the expectations on both sides, despite being unable to eyeball each other or shake hands in person.

Being on the sideline in between export seasons afforded us the ability to think rationally about our priorities, factoring in what we can't control, and what we have influence over. Our AVANZA Quality Plan was one such project carried out during this period. Led by Danni van der Heijden in our technical team, the plan identified the actions we must take to improve the quality and post-arrival performance of our avocados in Asia.

Fruit quality in some markets took a hit last season, which undermined New Zealand's reputation and our AVANZA brand. We have always positioned the brand at the premium

end of the market and this means we set very high standards for quality. A variable season for quality across our industry, exacerbated by the long journey our fruit must take before arriving in Asia, meant there were times when New Zealand avocados fell short of expectations. The good news is we have identified actions that can be taken throughout the supply chain to mitigate this.

Not being able to travel to each Asian market means we are asking our customers to be on the lookout for certain features on our product. As another precaution, we are also employing some in-market resources to ensure our fruit is being handled the right way. It's a system that worked well for us in Australia last season and is one that our customers in Asia are keen to replicate there.

STRONG CONSUMER DEMAND IN AUSTRALIA

We are expecting to handle nearly 2.6 million export trays, out of a total industry export crop of just under 4.3 million trays. About 13% of trays will go to Asian markets as part of our AVANZA programme and the balance will go to Australia.

Of the fruit being shipped across the Tasman,

about 77% will go direct to retail. Once again, this is a pleasing result. Our Australian retail programme is already underway, having started early September. Running through until February, this market is hungry with relatively firm prices prevailing on the back of reduced domestic supply.

These favourable market conditions offset the complexities that we face in Asia due to COVID-19. Many parts of Asia are still developing their appetite for avocados and the pandemic has slowed demand due to economic uncertainty. But in Australia and indeed in New Zealand, avocados have become a must-have grocery item for summer. Consumers expect retailers to stock them in large quantities to meet this demand, which bodes well for us in a year when Australia's supply is low.

On the logistics front, cargo ships are still sailing around the world, although scheduling is messier than usual. Fortunately, we have a range of sea shipping options to Australia. Any Asian markets that we service with air freight are more challenging, however. Fewer planes in the sky has led to higher freight costs, but markets such as Thailand, where there are fewer avocado

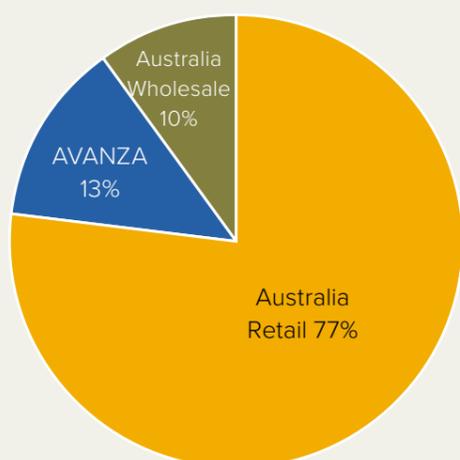
suppliers, accept these extra costs for the privilege of consumption.

This season's lighter domestic volume in Australia has created a positive scenario for us but we can't afford to be complacent. Quality will remain front of mind throughout the season, especially now that Chile has access to Australia as well. Their supply reinforces the need to prioritise 'best practice' disciplines on orchard as well as post-harvest. The market will be tested with their new presence but as an incumbent supplier, we don't expect to lose our position with major supermarkets, providing our fruit quality holds up.

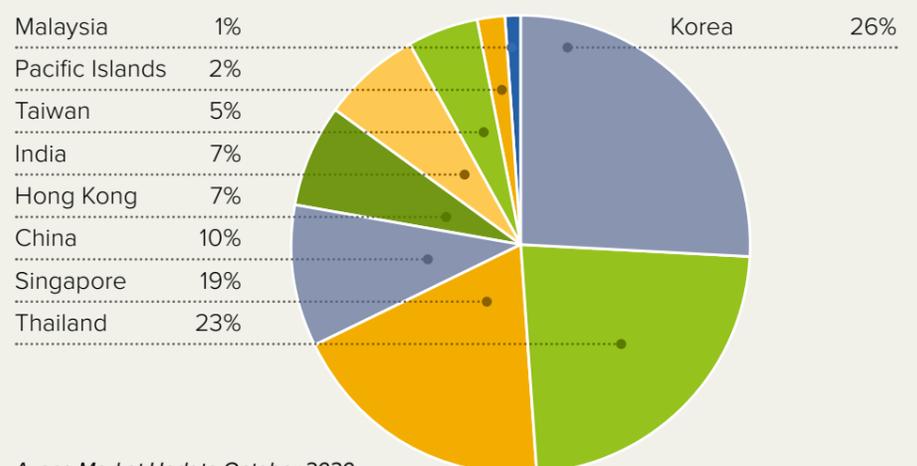
We are already asking our major retailers to accommodate more smaller fruit this season, especially as we wait for more orchards to be cleared for maturity. This season is certainly presenting us with a smaller size profile than what we're used to, but we'll be convincing our retailers that what we can offer them is still a decent proposition. Having said that, we must endeavour to provide key customers the best size profile we can muster, and that will mean select picking of our fruit.

We wish all our growers a successful harvest. ■

AVOCO MARKET SPLIT 2020-21



AVANZA ALL MARKETS 2020-21



Avoco Market Update October 2020

Behind The Scenes

Your Avoco Grower Relationship Committee, led by chairman HUGH MOORE, reports on policy updates and issues important to growers and the supply group.

At the time of writing, we are in Level 2 again. Let's just hope the government moves to Level 1 very soon. What this does show is not only are our borders at risk for plant biosecurity issues but also at risk to our health. We hope the government is more successful with COVID-19 than they have been with pest and plant disease incursions.

I have just been to look at some of the first packs through our shed which are showing small fruit size profiles due to the long drought conditions last season. I trust everyone has read Danni and Alistair's comments in the last couple of Avoco Alerts and the Technical alerts on size picking.

"Having multiple picks will help fruit size as well as take load off the tree."

As growers we need to maximise the income per hectare or tree area and not be totally focused on tray prices when we have a lot of small fruit. Tree health is important for future crops along with giving the tree the ability to size the present crop. Picking smaller than we normally would at this time of year can increase the total return per hectare over the season. Having multiple picks will help fruit size as well as take load off the tree.

The AGRC has made a change to the late harvest compensation for the coming season

by calculating payments by size instead of an average. This will mean that premium sizes will receive more than smaller fruit. The system is otherwise unchanged.

The committee has met twice in June and August since the last newsletter reporting on the April conference call. The following subjects and issues were discussed:

- Avoco marketing director report – season update and market planning
- Pool audit update with the audit taking place in July
- Quality team planning and budget – Australian quality in-market monitoring costs, Asurequality packhouse assessment proposal and quote
- Late harvest compensation changes 2020-21 season – harvest payment based on the F.O.B by size
- Approval of the Avoco service level agreement charges – recommended by the Avoco board for packhouse services
- Food safety and compliance update – 100 grower audits have been completed to date out of 760 required
- Policy review report – AGRC policy review team report of updated policies
- Forex report
- Regional grower meeting update
- Grower contract website use – report on uptake and use
- Insurance renewal update for 2020-21 season
- Industry grade standard changes

Please feel free to contact your local AGRC member or myself if you would like any further information on the subjects above or any other matters you think should be considered. ■



Multiple picks at this time of year can increase your returns at the end of the season.

AGRC COMMITTEE MEMBERS

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Q&A

Renee Scott

A lot of work must happen post-harvest to ensure fruit reaches our key customers. RENEE SCOTT explains her role in the supply chain.

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

My role is very focused on assisting the market managers and export manager in the international supply, marketing and distribution of avocados. One of my key responsibilities is the inventory management of our avocados into one of our key customers in Australia. I monitor the fruit from the time it's picked and packed, right through the cold chain until it is sold to the customer. In addition to the general day-to-day operations, I am also responsible for the maintenance and development of the export databases used by Avoco, ensuring that our systems run as efficiently as possible and that those who use them are trained to do so.

What were you doing before you worked at Southern Produce/Avoco?

Before joining Southern Produce/Avoco I was studying here in the Bay of Plenty, working towards a Diploma in Business as well as working

within the hospitality industry. When I first joined Southern Produce/Avoco, I was roughly halfway through the diploma, completing the remainder of my studies in evening classes or online classes.

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

Working and studying taught me a great deal of discipline and time management. Studying alone requires discipline, while the hospitality industry can be very demanding and requires a great deal of flexibility; particularly throughout the summer. These environments combined provided the skills and experience I needed to cope and manage in the dynamic environment that the avocado industry offers.

What are the biggest challenges in your role and how do you overcome them?

I think the biggest challenge in my role and in the industry in general, is the lack of control. The environment is extremely dynamic and

external factors can influence us hugely; weather, shipping, customer demand. Personally, for me, it's about learning to manage these external factors the best way possible. I believe that building and maintaining good relationships with business alliances and business customers is extremely important in overcoming these challenges. Those relationships are more important than ever right now where travel is not permitted and everything is managed via email, phone calls and/or video calls.

What do you enjoy about your role and working in the avocado export industry?

Both the environment and the people. The environment is changing constantly and with that comes continuous learning and growth and often opportunities to increase my skillset. No two days are the same which keeps things interesting and keeps me on my toes. But the people definitely make working in the avocado export industry most enjoyable, everyone is great to deal with and it feels like one big team.

When you're not working, how do you spend your free time?

When I'm not working, I am either spending time at home doing a bit of 'DIY' and house



Renee Scott

renovations, with friends and family or spending time in the outdoors.

Avocados are such a versatile meal ingredient. How do you enjoy eating them?

I love eating avocados in just about anything, whether it's for breakfast, lunch or dinner, on toast, with an egg, in a salad or guacamole. The options are unlimited! The nutritional value is an added bonus! ■

Fruit quality focus for Asia

Quality and Export Systems Manager Danni van der Heijden summarises the efforts underway to improve the quality and post-arrival performance of avocados exported by AVANZA.

During the 2019-20 export avocado season, AVANZA and the wider New Zealand industry had fruit quality issues in some export markets. Following the success of the Avoco Quality Business Plan developed in 2019 for the Australian market, the Avoco Quality team and AVANZA market managers worked together in early 2020 to develop an AVANZA Quality Business Plan for the markets outside of Australia.

To improve the quality and post-arrival performance of New Zealand avocados, it was identified that AVANZA needed to work both individually and collaboratively across all areas of the supply chain to review and address the elements influencing fruit quality. The AVANZA Quality Business Plan looks at each of the main areas of the supply chain and sets out actions which will be taken where there is evidence that practices could be improved, and trials that will be undertaken in areas where there is currently not enough information to substantiate actions.

To give importers time and confidence to sell and distribute a quality product, the Quality Business Plan aims to set out actions towards achieving the goals of:

- Maintaining fruit quality throughout the supply chain, up to 30 days from picking.
- Delivering fruit to importers with enough time for them to sell fruit prior to 30 days of age.
- Supporting our importers in each market to maintain fruit quality post-arrival.



SUPPLY CHAIN ELEMENTS UNDER REVIEW:

ON-ORCHARD

- Fruit development (fungicide, orchard hygiene, and other best practice guidelines)
- Picking and handling (weather and harvesting guidelines)
- Orchard Prior Quality Performance.
- Nitrogen: Calcium ratio (trial)

PACKHOUSE

- Pick to ship timelines.
- Packhouse terms of trade:
 - Packing (waterblasting, grading, packaging)
 - Handling (pre-cooling, coolstorage)
- Auditing
- In-market feedback.
- Pick to pack times for turgid fruit (trial).

TRANSIT

- Shipping timelines (reducing time in transit).
- Containers
- Type
- Temperature
- Atmosphere

MARKET

- Time (fruit age)
- Customer handling (temperature, repacking, inventory management and reporting)
- Border clearance
- Terms of trade and importer manual
- Buy-back schemes in each market

THINGS YOU CAN DO TO HELP US ACHIEVE THE QUALITY GOALS

- Follow the NZ Avocado best practice guidelines around fruit quality.
- Follow the Avoco harvest guidelines.
- Have a rain gauge on your orchard, and follow the guidance given about picking around wet weather.
- Monitor any in-market quality reports you receive.



Danni van der Heijden updated growers on the AVANZA Quality Business Plan at a field day at Te Kohanga Orchard hosted by Trevelyans.

Audit Report

New Zealand Avocado Company Ltd
Special Purpose Financial Statements for the 2019-20 season

AVOCO POOL STATEMENT FOR THE 2019 / 2020 SEASON

NUMBER OF TRAYS	14/16ct	18/20ct	23/24/25ct	28/30/32ct	36ct	TOTAL
Australia	118,100	598,197	757,983	419,444	81,402	1,975,126
Japan	–	13,656	53,522	13,479	–	80,657
Singapore	–	–	21,449	24,742	1,302	47,493
Thailand	4,996	132	12,766	50,595	1,614	70,103
Malaysia	–	–	–	2,016	422	2,438
India	4,370	15,456	–	–	–	19,826
Taiwan	–	12,032	3,584	–	–	15,616
China	3,089	19,669	3	4,976	–	27,737
Hong Kong	234	2,138	–	1,062	–	3,434
Korea	–	15,538	42,389	3,900	–	61,827
TOTAL TRAYS	130,789	676,818	891,696	520,214	84,740	2,304,257



		per TE
TOTAL INCOME	77,662,783	33.70
<hr/>		
Less Offshore Costs		
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Freight	6,572,008	2.85
AUS Ripening & Delv	3,311,433	1.44
AUS Pre-packing	502,624	0.22
AUS Other	58,541	0.03
AUS Repacking Charges	166,319	0.07
Insurance	283,114	0.12
Total Offshore Costs	10,894,039	4.73
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FOB Total at Avoco	66,768,744	28.98

New Zealand Avocado Company Ltd

NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS (EXTRACT) FOR THE 2019 / 2020 SEASON

1. Statement of Accounting Policies

Reporting Entity

These financial statements are for New Zealand Avocado Company Limited, a company registered under the Companies Act 1993.

These financial statements are an extract from the reporting prepared for New Zealand Avocado Company Limited. They are special purpose financial statements prepared to meet the directors requirements of reporting for the "Avoco pool", being sales and expenditure of the pool to the FOB Total for the 2019/2020 season.

Measurement Base

The accounting principles recognised as appropriate for the measurement and reporting of earnings and financial performance on a historical cost basis are followed by the entity.

Specific Accounting Policies

The following specific accounting policies which materially affect the measurement of financial performance have been applied.

(a) Goods and Services Tax (GST)

These financial statements have been prepared on a GST exclusive basis where all items have been recorded exclusive of GST.

(b) Revenue

Revenues are recognised on an accrual basis at the fair value of the consideration received or receivable for the sale of goods and services, to the extent that it is probable that the economic benefits will flow to the entity and revenue can be reliably measured.

Sale of goods are recognised when the entity has transferred the significant risk and rewards associated with ownership of the goods to the customer.

(b) FOB Total at Avoco

The Avoco Pool statement reflects an FOB (free on board) return to growers. The FOB return is the net of Sales, Freight, Offshore costs and Insurance.

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of New Zealand Avocado Company Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of New Zealand Avocado Company Limited ('the Company') on pages 1 to 2, which comprise the pool summary statement for the 2019/2020 season, and notes to the financial statements, including significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the Pool Sales and Expenditure to the FOB total for the 2019/2020 season, in accordance with the policies stated.

Our report is made solely to the Shareholders of the Company. Our audit work has been undertaken so that we might state to the Shareholders of the Company those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Shareholders of the Company as a body, for our audit work, for our report or for the opinions we have formed.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) ('ISAs (NZ)'). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with Professional and Ethical Standard 1 (Revised) International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ('IESBA Code'), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other than in our capacity as auditor we have no relationship with, or interests in, New Zealand Avocado Company Limited except that Baker Tilly Staples Rodway Tauranga Limited has provided accounting assistance to the Pool manager. The provision of these other assurance services has not impaired our independence.

Emphasis of Matter

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are an extract from the reporting prepared for New Zealand Avocado Company Limited. They are special purpose financial statements prepared to meet the Directors requirements of reporting for the "Avoco Pool" being sales and expenditure of the Pool to the FOB total for the 2019/2020 season in accordance with the policies stated. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for the Company and the Shareholders of the Company and should not be distributed to parties other than the Company or the Shareholders. Our opinion is not modified in respect of this matter.

Responsibilities of the Directors for the Financial Statements

The Directors are responsible on behalf of the Company for the preparation and fair presentation of the financial statements in accordance with the policies stated, and for such internal control as the Directors determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible on behalf of the Company for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of the auditor's responsibilities for the audit of the financial statements is located at the External Reporting Board's website at:

<https://xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-8/>

Baker Tilly Staples Rodway

BAKER TILLY STAPLES RODWAY AUDIT LIMITED

Tauranga, New Zealand

4 September 2020

AVANZA Markets

Pressing pause on Japan

In conjunction with our Japanese importer, AVANZA is stepping back from supplying the Japan market this season.

This decision factors in the reality that, despite Japan being our most mature market in Asia, we have lost our competitive advantage due to inconsistent fruit quality over recent seasons.

It is essential that we address quality concerns before revisiting this market with any significant volume. The recently minted AVANZA Quality Business Plan was developed to support this aim.

We have confidence in our and our growers' ability to restore AVANZA's fruit quality reputation, as this will enable us to rebound quickly and restore Japan to its very important place in our longer term market development strategy.

Over the past five years we have been successful in progressively increasing sales values and Orchard Gate Returns out of Japan in the face of avocado heavyweights Mexico, Chile and Peru.

This has been achieved by leveraging key attributes that give New Zealand fruit its point-of-difference, including seasonality and unique flavour profile. We have also capitalised on the positive sentiments held by Japan's consumers about New Zealand, especially the broadly held view that New Zealand is a source of safe, healthy and tasty produce.

Plans are already being developed to improve supply chain practices both in New Zealand and Japan to ensure we can continue supplying our fruit at the premium end of the market again from the 2021-2022 season.

GROWING OUR PROFILE IN CHINA

In our third season exporting to China, we will continue to grow our profile with a modest lift in volume to about 35,000 trays, supported by a very targeted promotional strategy.

All our fruit will be shipped by sea freight container into Shanghai over a 10-week supply period, starting in September.

Our first two years' market development has focussed on larger profile fruit and this will continue to be our priority for early season harvest. However, this season we have reluctantly decided to build smaller size fruit into the manifest due to the challenge of small size crop profile coming through.

Sales will be made mostly to modern, niche offline retail chains as well as through a small selection of online channels.

Promotional activity will involve a mix of in-store tasting demonstrations, and via increased use of digital platforms for both online sales and interactive consumer engagement.

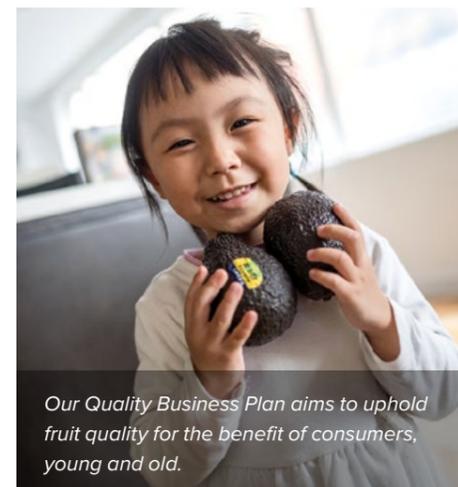
Last year online sales and direct-to-consumer delivery represented just 3% of our sales, but this is projected to increase to about 20% this season.

AVANZA has engaged a Chinese KOL ('Key Opinion Leader' aka social media influencer) to undertake promotions across the season.

Activity kick offs with filming a 'vlog' or video in the Bay of Plenty showcasing orchards and packing, meeting growers and doing fun events around the region, ready to post and promote when first fruit is available in the market, followed up with other live streaming events across the season.

While not physically present in China due to COVID-19 travel restrictions, AVANZA will again participate in the very high-profile 'New Zealand Week' events facilitated by NZ Trade & Enterprise at key locations in Shanghai.

Held in November each year, the week involves New Zealand's leading food and beverage products being heavily promoted both online and in venues such as leading hotels and restaurants across the city, with AVANZA



Our Quality Business Plan aims to uphold fruit quality for the benefit of consumers, young and old.

avocados to again feature on a number of menus alongside other iconic food products.

Still continuing to educate consumers on the health and nutritional attributes of the fruit, a key objective of the promotion campaign is to also increase awareness of the versatility of avocados and highlight more eating occasions to be tried at breakfast, lunch and dinner, as well as snacking.

CONSUMPTION EXPECTED TO RISE IN TAIWAN

There's a lot to love about the growth potential of Taiwan, with health-conscious consumers in this market already familiar with the benefits of fresh produce.

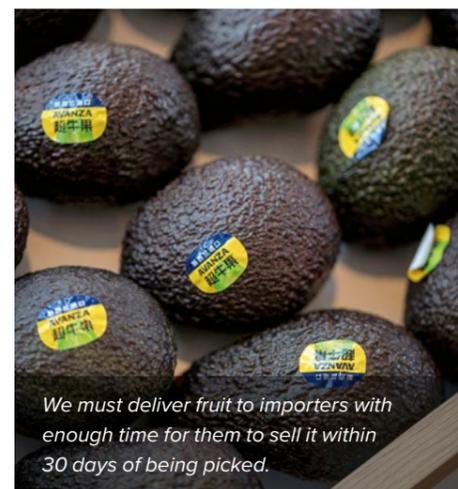
An emerging market for avocados, Taiwan is demonstrating steady sales growth for imported fruit. It delivers favourable Orchard Gate Returns, with 20s and 24s the preferred size counts for retailers and consumers.

Taiwan currently only imports avocados from California and New Zealand, so we enjoy having the market to ourselves in the September to February supply window.

AVANZA's activity is primarily centred on a direct-to-retail prepack programme with Costco chain. We continue to explore other retail channels in collaboration with AVANZA's Partner in Asia, Mission Produce, which also serves a number of other chains with Californian fruit.

Fruit is all air freighted, however as volumes continue to grow, it's likely we will graduate to a sea freight programme for the 2021-22 season. Despite the reduction in flights available and considerably higher freight costs, we have secured sufficient air freight space to deliver our 2020-21 programme with confidence.

Taiwanese are one of the highest per capita fruit consumers in the world and, over time, we expect to see Taiwan develop into a significant market for New Zealand growers. ■



We must deliver fruit to importers with enough time for them to sell it within 30 days of being picked.

Educating consumers online

Many markets in South East Asia are handling COVID-19 well, but consumer habits are changing, with some promotional activity shifting exclusively online.



Consumers in Asia are highly discerning when it comes to selecting products for themselves and their families.

The effects of various lockdowns and economic uncertainty brought on by COVID-19 have impacted on consumer spending habits across Asia. People are more price-conscious in many of the markets that AVANZA exports to but, on the flipside, the pandemic has made people even more aware of their health and wellbeing. People are still motivated to live and eat well, with fresh produce still sought after for its nutritional benefits.

Market manager for South East Asia, Henry McIntosh, says there will always be demand for premium imported fresh produce amongst wealthy consumers.

"This is why the branding and positioning of AVANZA is so important. We want to continue to sit in the premium end of the market, rather than trying to compete with low-priced options, particularly from South America."

Markets across this region are at different levels of maturity when it comes to awareness about avocados and the best way to handle them. Retailers and consumers in Singapore, compared to smaller, developing markets like Malaysia, have a greater understanding about ripening and preparing avocados, but AVANZA must still campaign wisely to ensure its brand

receives the attention it deserves.

Investment in social media campaigns in Singapore, Thailand and Hong Kong allow us to educate consumers and direct them to helpful information on the AVANZA website, says Henry.

"Social media influencer activity in these three large markets also takes the role of in-store sampling to a degree, where chefs and influential health professionals can entice new consumers to purchase the fruit."

Retailers in Singapore are not allowing in-store promotional activity due to COVID-19, but online promotions still provide plenty of opportunity to educate consumers and increase brand awareness.

"Creating content which stands out online is important," says Henry. "We work with very experienced agencies in each market to create content which is not only relevant to local consumers, but delivers the best results, depending on the goal."

"Our approach in each market is slightly different, depending on the level of awareness about AVANZA and avocado knowledge in each country. In Singapore, most people know about avocados, so our promotional activity is based around improving connection to our brand and

pushing the health benefits of New Zealand avocados."

In Thailand, there is strong demand for New Zealand fruit, even during the periods when cheaper Peruvian fruit is still available.

A small amount of in-store sampling has been scheduled, adapted to new rules around physical distancing.

Among the bigger challenges facing Kiwi exporters this season has been the challenge of securing sufficient freight space with airlines. AVANZA has been successful in securing the space required for Thailand each week, and negotiated some good rates via its freight forwarder, says Henry.

"There are some sea freight options available, but the transit is too long for New Zealand avocados which does not give the end consumer a satisfying experience.

"Our customers are comfortable with our approach to guarantee the best quality, regardless of a higher cost."

INDIA, MALAYSIA AND HONG KONG

India remains our most difficult and expensive market to support in terms of air freight costs, a situation that has been exacerbated by global airline activity post-COVID-19.

Despite these challenges, there is still strong demand for AVANZA fruit which commands a premium price at high-end retail stores. Total consumption and awareness of avocados is growing every year, which is helped by the presence of Peruvian fruit in this market before New Zealand fruit arrives.

Online sales of fresh produce is booming in India this year and we will continue to support customers with promotional funds for online platforms.



Our first air freight shipments to Malaysia this season have been well received.

"Our importers have built their own e-commerce platforms and there is space for us to provide imagery and text to explain the health benefits, suggest recipe ideas and offer ripening information," says Henry.

Malaysia has also seen a big increase in online sales of produce and we will support this with promotional activity on online shopping sites, including 'Lazada'.

In 2020, AVANZA is also returning to Hong Kong after an absence of more than five years. Fruit will be supplied direct to retail, targeting upmarket stores where demand for avocados is highest. Favourable sea freight shipping has been secured and social media activity will be used to complement in-store activations designed to introduce the AVANZA brand to new consumers. ■

Later start in Korea

After fruit quality issues last season, it is important to regain the confidence of importers and consumers, says market manager MARTIN NAPPER.

Greater competition from foreign exporters early in the season has led to a later start for us in Korea. For the first time, Korea is enjoying very robust, well-priced fruit from Peru, which has been imported until the end of September. This has effectively sealed off the Korean market for New Zealand exporters who have historically shipped volumes of our early harvest fruit there, starting in August. This has forced us to shift our programme by a few weeks, with 85,000 trays now being shipped by sea between September and November. In a normal season, Peru will exit the market in early September, which better suits our programme and packhouse start dates.

In 2019, Korea was AVANZA's third largest Asian market behind Japan and Thailand, down from number two in 2018. Korea imported a total of 1.5 million trays (29% less than in 2018), with AVANZA representing 37% of New Zealand's Korean exports.

With two direct retail accounts (E-Mart and Costco) and indirect access to other retail chains, it is important that AVANZA continues its promotional investment which started six years ago with in-market agency Latitude. This is particularly important in the face of growing competition from California, Mexico and now

Peru, and the looming pressure posed by other avocado-growing nations eager to gain access, including Chile and Colombia.

Martin says in-store tasting programmes remain central to AVANZA's strategy of introducing new consumers to avocados.

"We expect to target 50,000 consumers with our tasting events at E-Mart stores."

Educating the food service industry on the versatility of New Zealand avocados is another focus this season, with AVANZA hosting cooking demonstration events involving about 60 culinary students. Demonstrations will be recorded and available through YouTube.

AVANZA's long-standing collaboration with Maeil Dairies continues, with both brands using social media to increase brand awareness among health-conscious, avocado smoothie-loving audiences.

Martin adds that the Technical Team's quality plan for Asia aims to ensure fruit performs better in all AVANZA markets. Quality control systems have been strengthened and a buy-back scheme, where fruit is purchased in-market for evaluation, will operate. This will be important in Korea where importer confidence was dented last season. ■



AVANZA fruit commands a premium price at high-end retail stores in India.

Innovative horticulture in Katikati

The trust that is behind plans to build a centre of horticultural excellence in the Bay of Plenty is confident construction on its new facility will begin early next year.

Enough funds have now been committed to the project, including a \$10,000 donation from Avoco, to warrant plans being drawn up and suppliers being approached ahead of construction starting at Katikati College.

It's hoped the purpose-built facility will be finished in time to start welcoming students halfway through 2021.

Teacher and the College's Innovative Horticulture programme lead, Hilary Johnson, says COVID-19 had disrupted fundraising efforts but the Katikati Innovative Horticulture Trust is confident it will be successful in securing all the capital funds to cover building work and compliance costs.

"Currently we have 40 horticulture students all crammed into one small prefab classroom at a time," says Hilary. "We're bursting at the seams, so the new building can't come soon enough."

A two-storey Colour Steel barn has been chosen for the design, featuring a mezzanine floor, kitchen, ablution block, a small laboratory and flexible learning and meeting areas.

The building, including compliance and fit-out expenses, is estimated to cost \$432,000. By the end of July, a total of \$276,000 was secured through pledges and donations. About \$60,000 was donated during the COVID-19 lockdown period.

Crowdfunding site Givealittle has been used to raise funds and awareness about the project with local growers and industry stakeholders also chipping in with donations. One Katikati grower, Ann Owen, is so passionate about education and the horticulture industry, she has committed to donate \$30,000 a year for five years.

Hilary says the trust is grateful to all its donors and hoped that others, including major industry players, would make generous donations before the end of the year.

The Katikati Innovative Horticulture Trust was established to spearhead the project, which aims to serve the growing capability needs of industry as well as the educational requirements of college students and the wider community.

Trustees include Avoco director John Schnackenberg as well as Nikki Johnson (New Zealand Kiwifruit Growers Incorporated).

Their plan is for educational skills and training



Teacher Hilary Johnson says the horticulture programme's personalised approach helps students discover a career pathway into the industry that best suits them.

providers to share the facility with the College's Innovative Horticulture department and offer various pathways into horticulture.

The College will provide a modular, cross-curricular and personalised programme for students in Years 11 to 13, including Level 1, 2 and 3 NCEA credits in both Unit Standards (Industry based) and Achievement Standards (University recognised).

The Innovative Horticulture programme has three main strands: Innovation and Creativity, Business Management and Plant Science and Technology. Students can choose from topics in marketing, science, agribusiness, digital technology, plant management and environmental sustainability. As well as classroom work, the programme also features hands-on learning in orchards, nurseries and local businesses.

External tertiary providers, such as Fruition Horticulture (BOP) Ltd, are among those who have expressed interest in using the facility to run their own training programmes aimed at 16-19 year olds who are not enrolled at secondary school and have no qualifications above Level 2.

Other third party providers will be invited to



Students will have the chance to operate their own nursery as part of their studies.



Field trips are a chance to learn from industry professionals.

offer Diploma courses up to Level 6.

Hilary says the horticulture industry is "crying out" for skilled workers at all levels, and demand is only expected to increase. By 2025, the industry is expected to need a net increase of 7,800 workers, including 14,900 with qualifications.

"As a multi-purpose hub that will be used by multiple providers, we want to connect with the needs of industry and provide opportunities of value for our diverse community."

She says parents of students at Katikati College, in particular, understood the value of horticultural education as they've seen the industry grow. Her department's more personalised, cross-curricular approach to learning appealed to many students, with enrolments on the rise.

This year the College has 36 students studying Level 1 horticulture, 23 studying Level 2 and 13 studying Level 3.

"There used to be only one or two studying at Year 12 and 13, with most dropping out after Year 11. We have a waiting list for classes now. It's been growing steadily."

"The horticulture industry is "crying out" for skilled workers at all levels..."

She believes horticultural education was shrugging off its reputation as the "course for dummies" as more people realised the industry's demand for highly skilled workers meant there was real potential to earn above average salaries and have a strong career pathway.

"This is reflected in the very diverse group of students that our department is attracting, with top academic students looking to make the most of the scholarships available now," says Hilary.

"Senior papers involve agribusiness and applied science. These are seriously difficult – just as hard as pure sciences like chemistry."

Once the building is finished, the trust will focus on establishing a nursery on the site. The trust's research has indicated considerable demand across New Zealand for roadside plantings, such as native grasses and flax. The plan is for students to grow and sell the plants so the facility becomes self-sustaining, funding its own rates and improvements.

Avoco is encouraging its growers to support the trust's initiative by donating. To make a donation visit www.katikatihp.com/contact for bank account and contact details. You can also donate at www.givealittle.co.nz/cause/innovative-horticulture-is-the-future.

To learn more about the project visit www.katikatihp.com. ■



Barn design – With fundraising over the halfway mark, plans have been drawn and costed.



The new facility will look similar to this once completed.

Tips to boost your fruit set

With flowers about to bloom, Technical Consultant COLIN PARTRIDGE reminds growers about the actions they can take to increase their chances of a successful set.

Boron is a micro-element known to be important in the process of pollen germination, pollen tube growth, embryo growth and the subsequent hectic cell division that takes place thereafter. We routinely analyse for boron in leaf samples, but it has also been reported in prior research, that a concentration of at least 60ppm of boron in flower tissue is ideal. Sampling a good fistful of flower bud panicles from a number of representative trees, at the closed to just open cauliflower stage, is what you need to do. Then send them away to the lab, requesting a boron analysis which will give you a very good indication of whether you have enough boron or not. If levels are low, you can make plans to apply more than one foliar spray of solubur (at 80g per 100 litres water).



Good flower bud panicle for sampling.

If you do need to spray multiple boron applications, start straight after getting the analysis result and repeat up to three times during the open panicle stage of flower bud development.

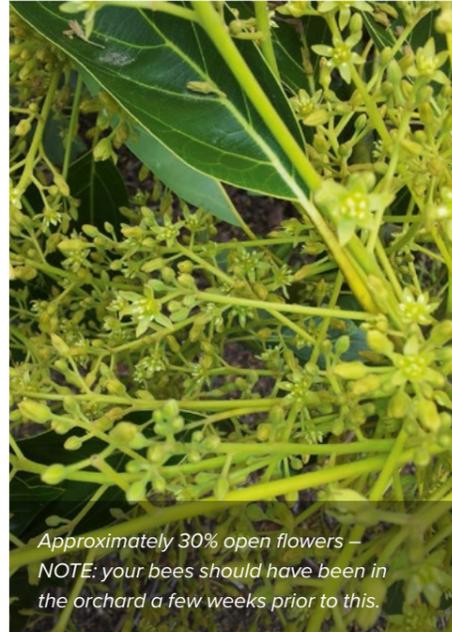


Open panicles.

IRRIGATION

Water requirements can increase dramatically during flowering, so if you have an irrigation system, now is a good time to make sure it and your tensiometers are in working order.

If you do not have irrigation, applying a good layer of mulch in October/November (which is the best time to do so), will go a long way to conserving moisture.



Approximately 30% open flowers –
NOTE: your bees should have been in the orchard a few weeks prior to this.



A honeybee at work.

PHOTO COURTESY OF T HAYWARD.

POLLINATION

Bees are your best friends when it comes to getting pollination done. There are other insects known to visit avocado flowers (e.g. bumblebees, moths and flies), but the honeybee is a great pollinator as they are so numerous and hard-working. Now is the time to contact your beekeeper to secure your hives.

Ideally you should get hives in place just as the first flowers open. Note: the timing of this is weather dependent and flower panicles expand and continue to do so even as the first flowers open. Flowers will open in the top and north side of trees first, so you need to observe your trees regularly. ■

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