

## **Marketing New Zealand Avocados in the United Kingdom and Europe**

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### **Background**

The New Zealand Avocado Industry has certainly seen considerable growth in the past 10 years with the number of plantings more than doubling during this time, a trend set to continue for the foreseeable future.

During this time Australia continued to provide the backbone to our export market initiatives but with the industry growth exporters embarked on programmes of market development in other countries in an endeavor to provide growers with satisfactory returns for their fruit. In the mid 90's exporters looked to spread their market risk by including North America into the market mix and by the 2000/01 season it accounted for over 50% of the volume exported. The reason for this sudden increase in volume to this market can be attributed to:

- . • Weak New Zealand dollar allowing stronger returns
- . • Improved shipping transit times and product outturn
- . • Timing slot when Californian season finished and prior to Chilean volumes

However as we moved into the new millennium, the stronger New Zealand dollar created a downturn in grower return and when coupled with larger Chilean volumes, the North American market lost some of its attractiveness. In some respects we have been fortunate that firstly New Zealand productivity weakened and secondly that the Australian market has been able to absorb greater volumes and at strengthened market values.

Although New Zealand's export volume has not grown as much as anticipated in the past five years, exporters have continued to develop new markets for New Zealand fruit in order to be prepared when the "big volumes" arrive.

The challenge in maintaining product integrity on outturn has been key in building these new markets. The longer voyage time to the United Kingdom and Europe was seen as the main challenge in ensuring optimum product outturn.

New Zealand is in its sixth season of shipping product to these markets and along the way there has been lessons learnt that can be used in future years to capitalise on this market opportunity with a fruit that is well received in terms of quality and taste.

## **The Market**

The United Kingdom has seen avocado consumption continuing on an upward trend and in the late 1990's the per capita consumption rate more than doubled to 400gm. More and more customers have been introduced to avocados over the past five years and it is believed that a further 5 million consumers will be introduced to the product in the next five years.

This increase has been achieved through the promotion of the Hass variety which is perceived as having better flavour and importantly availability year round from a number of supplying countries. The introduction of ready to eat fruit has seen sales rise by 25% year on year and now account for 30% of all avocado purchases.

As strong as these figures look from the UK, the European consumption figures are a lot stronger with France topping the list with each person in this country consuming 1 kg of avocados yearly. Compare this to Mexico which is consuming a massive 15kg annually per person and you will see further growth potential.

## **What does the Market want?**

Our importers stressed the following arrival requirements before we shipped the first fruit:

- . • Green, hard fruit
- . • No chilling injury
- . • Sound internal condition
- . • Little external defects

As we were preparing fruit for an early season market, green hard fruit didn't seem to be a problem. However this did raise the possibility of picking "immature" fruit which in turn could lead to having fruit that was more susceptible to chilling injury than fruit picked in a more mature state.

## **Why New Zealand Fruit?**

When we prepared our business plan five years ago, the United Kingdom and European Markets were identified as markets that we could build a customer base around the New Zealand brand. Samples of product were sent and were met with positive feedback. In the UK, Marks and Spencer commented favourably on the colour, texture and flavour which they considered were key selling points to their customers.

In Continental Europe, to attract a premium, our importer looked to service the Scandinavian Market with the larger sized fruit. This would help build a following for New Zealand Fruit for the future as well as attracting a price point that would keep "us separate from the pack".

## **Preparation for the Market**

We were servicing a market that required fruit arrivals from mid October to mid

November in order to receive the premium we required to meet the extra costs of getting the fruit to the market. Fruit maturities for a mid September harvest are at the low end of 24% dry matter, so we raised the yardstick to a minimum of 26% in order to eliminate any possibility of chilling injury. Secondly and importantly, fruit needed to be harvested as close as possible to the shipping departure date. We were looking at a shipping transit time of 30 days which was really pushing the envelope. Finally, the weather conditions at harvest and those leading up to harvest had to be dry and cool. Any sign of inclement weather and the shipment was postponed.

Once fruit was harvested and packed (in a 4kg tray) loadout in a 20' container was carried out within 24 hours. For insurance purposes all shipments required the services of an independent fruit auditor to pre-inspect the shipment to ensure that it met all requirements. The MAXtend system of atmospheres was used and all we needed now was for a steady voyage with product arrival within the prescribed time.

### **Arrival into the Market**

For all our first arrivals for the new season, we have had our own staff on hand to inspect product outturn. As well, the insurance company arranged an assessor to inspect product before the importer took possession of the product.

The importance of a strong sales and distribution network can not be highlighted enough. With a pick to market arrival time of 35 days, it is important that once fruit has arrived out of MAXtend, there is little time wasted to get fruit onto the supermarket shelves.

Our experience has shown that a week after arrival is the optimum selling period.

Not all our arrivals have been positive. Mistakes have occurred but have been generally easy to correct. It is important with market development that we reassure the market that we are in it for the long haul which allows our importer to build consumer confidence in New Zealand Avocados.

We are not alone in having experienced initial teething problems with other exporting countries having had similar issues with fruit quality over the years.

### **The Marketplace**

The real market is the consumer. The reaction we have had for New Zealand Avocados has been completely positive. The flavour is described as being creamy and nutty and along with our colour contrast and fruit texture we have premium seeking selling points.

As stated earlier, to achieve the high end sales values for our product it was important for us to select a customer that believed in the unique attributes that our New Zealand fruit offered and was prepared to jointly market accordingly.

### **Market Introduction Timing**

The market opportunity was seen as the best time to position our fruit without the

competing forces of the tail end of a South Africa season and prior to the commencement of a Spanish and Israeli season. This gave us a four week period where we able to achieve a solid and robust market value as well as showcasing the special fruit qualities that New Zealand offers.

The downside is that our arrival comes during the winter period when consumption falls away to a degree. To counter this we deliberately targeted the upper end of the market prepared to pay a premium for quality.

## **The Future**

As our New Zealand volumes increase it is imperative that we develop a global marketing strategy that positions size profile to a market that will generate the greatest grower return. To achieve this we are going to have to look outside of our traditional markets of Australia and North America and we are fortunate in that the market development that we have undertaken has positioned the New Zealand brand in the United Kingdom and European market place.