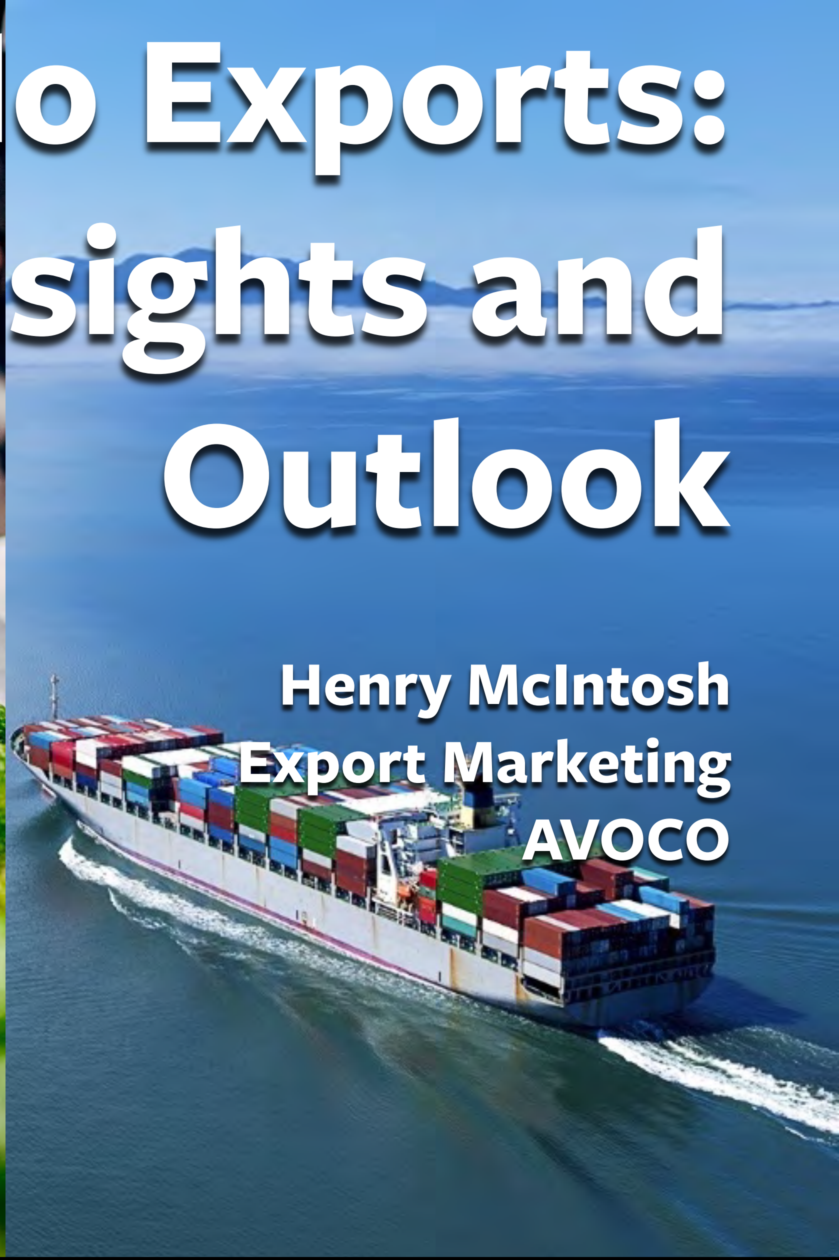

Avocado Exports: Insights and Outlook

Henry McIntosh
Export Marketing
AVOCO

Avocados: The Taranaki Opportunity
Wednesday 17th March 2021

Plan for today

- AVOCO overview
- Exporters – what do we do
- Where does the fruit go, and how does it get there?
- Sitting in the ‘Premium’ end of the market
- Forecast volume (10 year plan)
- Outlook: Challenges and how to manage them

Exporters – what do we do?

- Support growers with technical info, food safety, field days etc
- Administer grower pool
- Manage flow of fruit to match customer requirements
- Negotiate season-long programs with customers
- Manage in-market activities (promotional & technical)
- Organise shipping and logistics from packer to customer
- Support customers and build consumption/brand recognition

800+ growers **60% of Industry volume**

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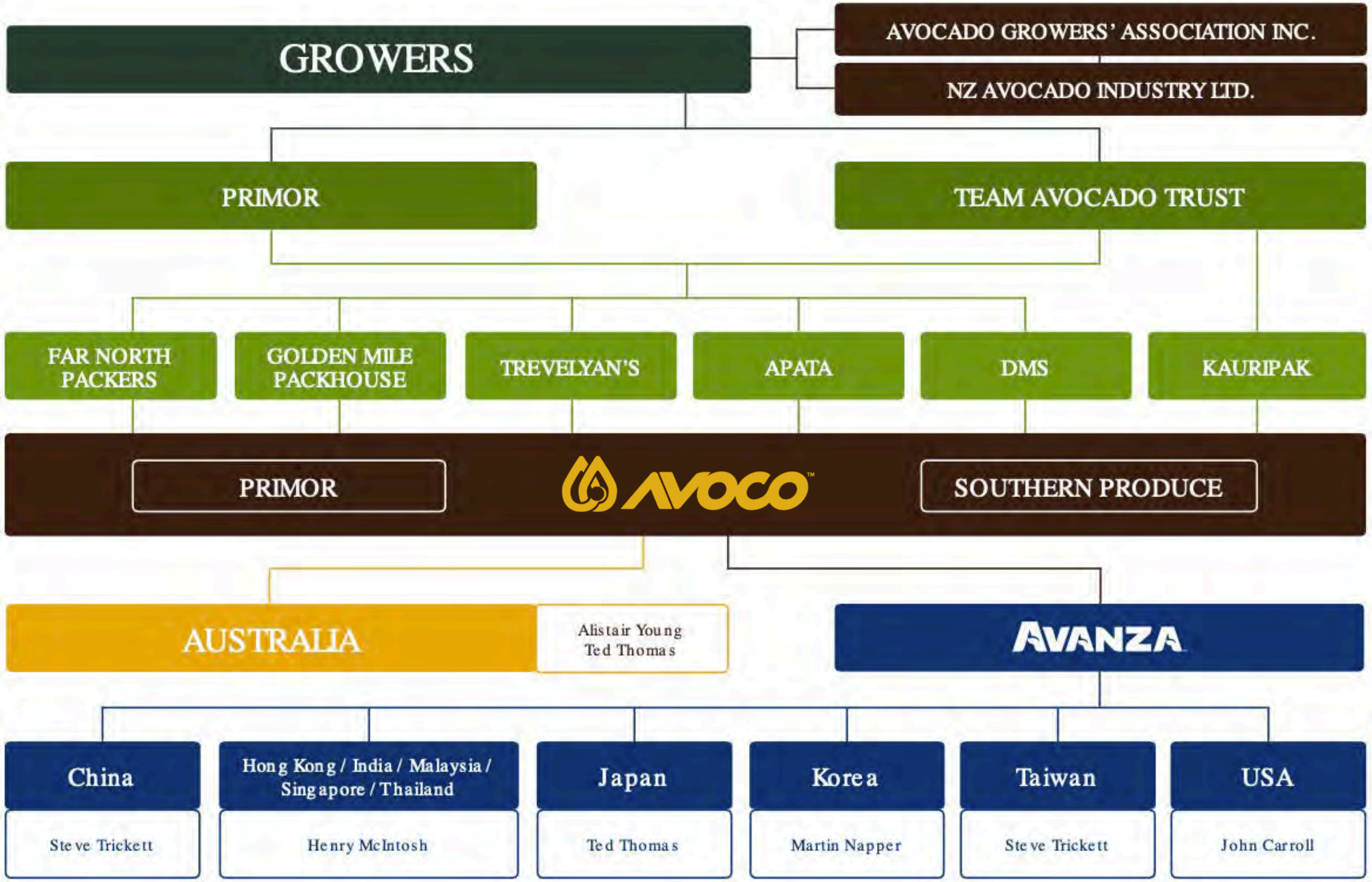
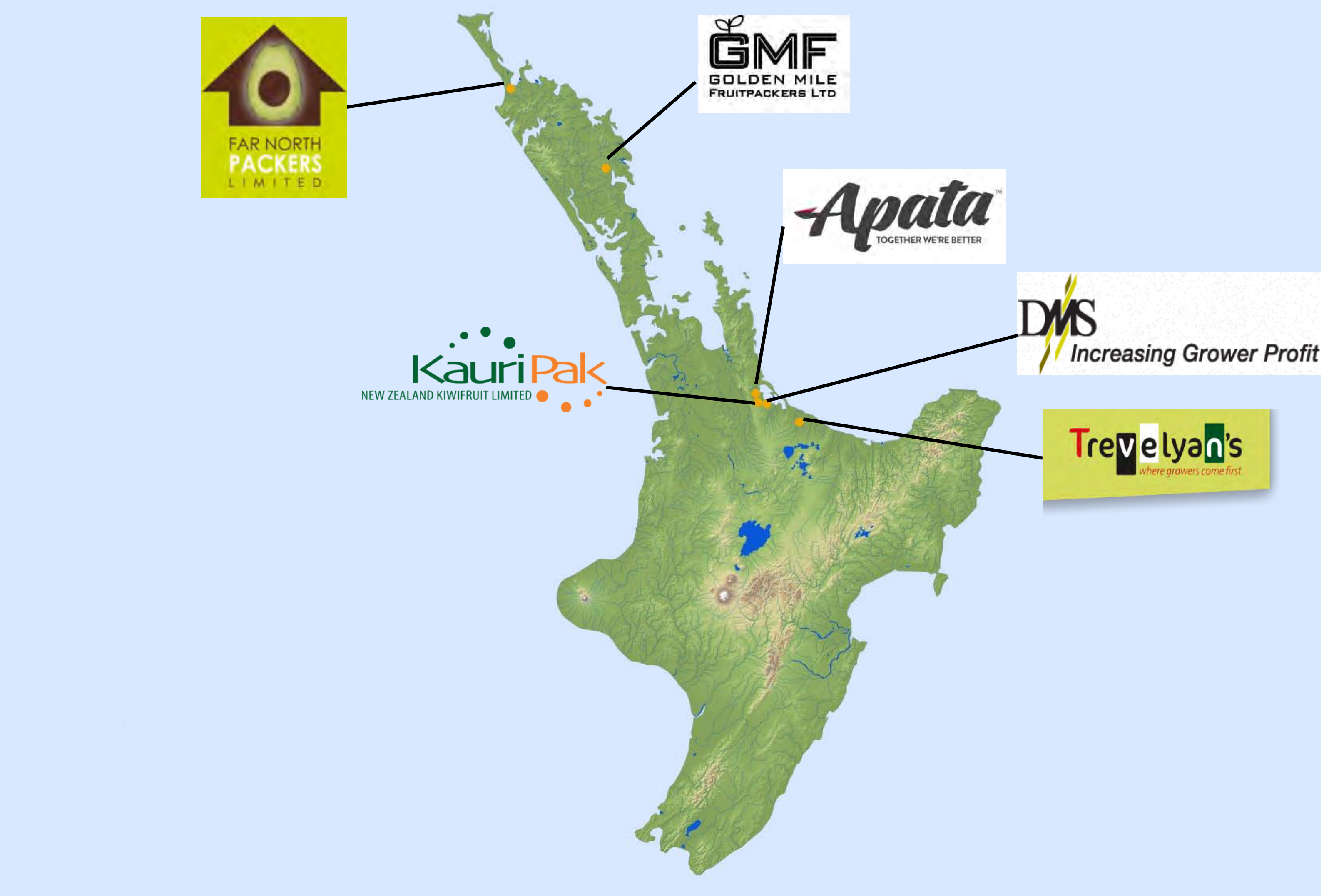
AVOCO



GROWERS
AVOCADO GROWERS' ASSOCIATION INC.
NZ AVOCADO INDUSTRY LTD.
PRIMOR
TEAM AVOCADO TRUST
FAR NORTH PACKERS
GOLDEN MILE PACKHOUSE
TREVELYAN'S
APATA
DMS
KAURIPAK
PRIMOR
AVOCO
SOUTHERN PRODUCE
AUSTRALIA
Alistair Young
Ted Thomas
AVANZA
China
Steve Trickett
Hong Kong / India / Malaysia / Singapore / Thailand
Henry McIntosh
Japan
Ted Thomas
Korea
Martin Napper
Taiwan
Steve Trickett
USA
John Carroll

AVOCO Packer Partners



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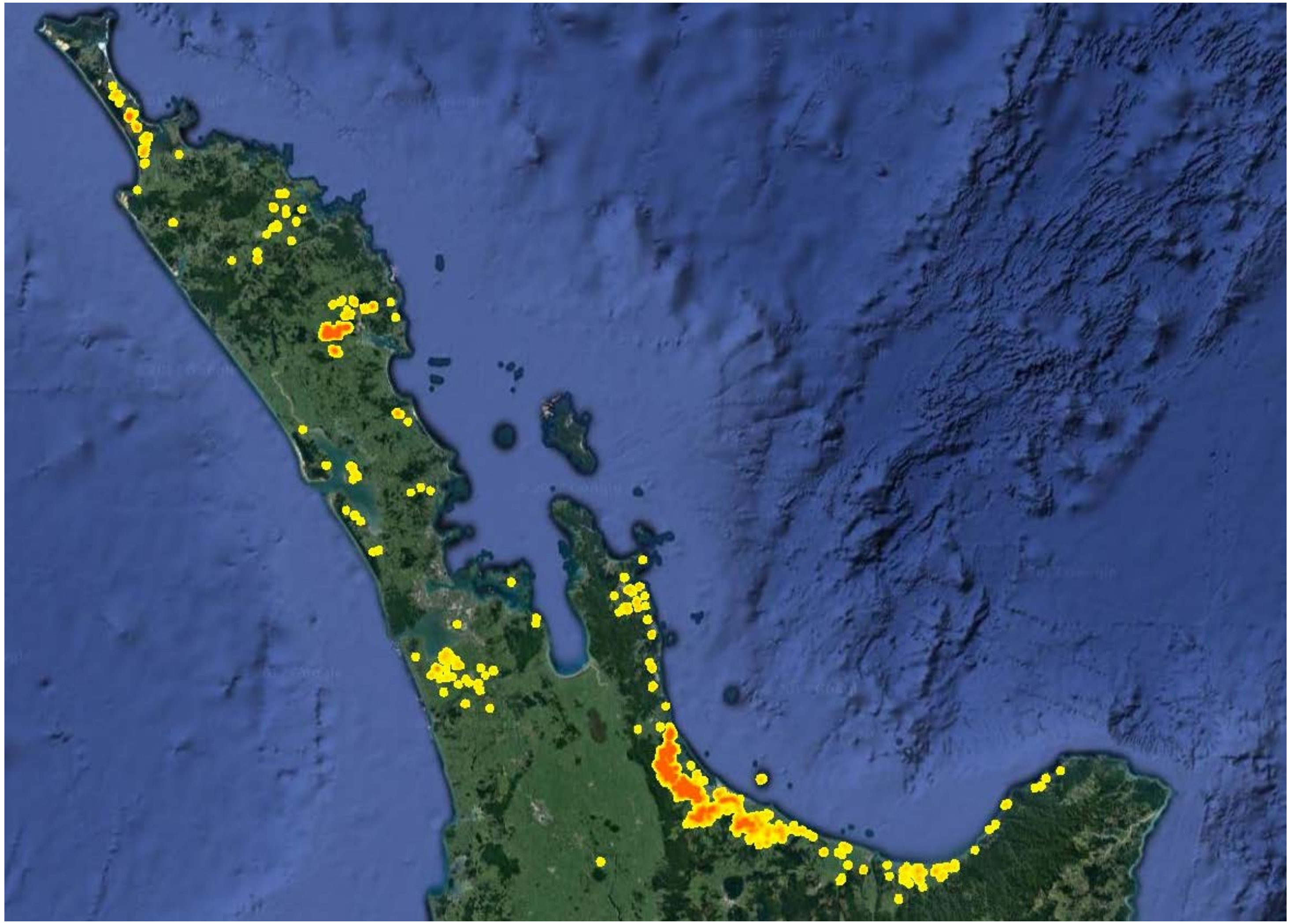
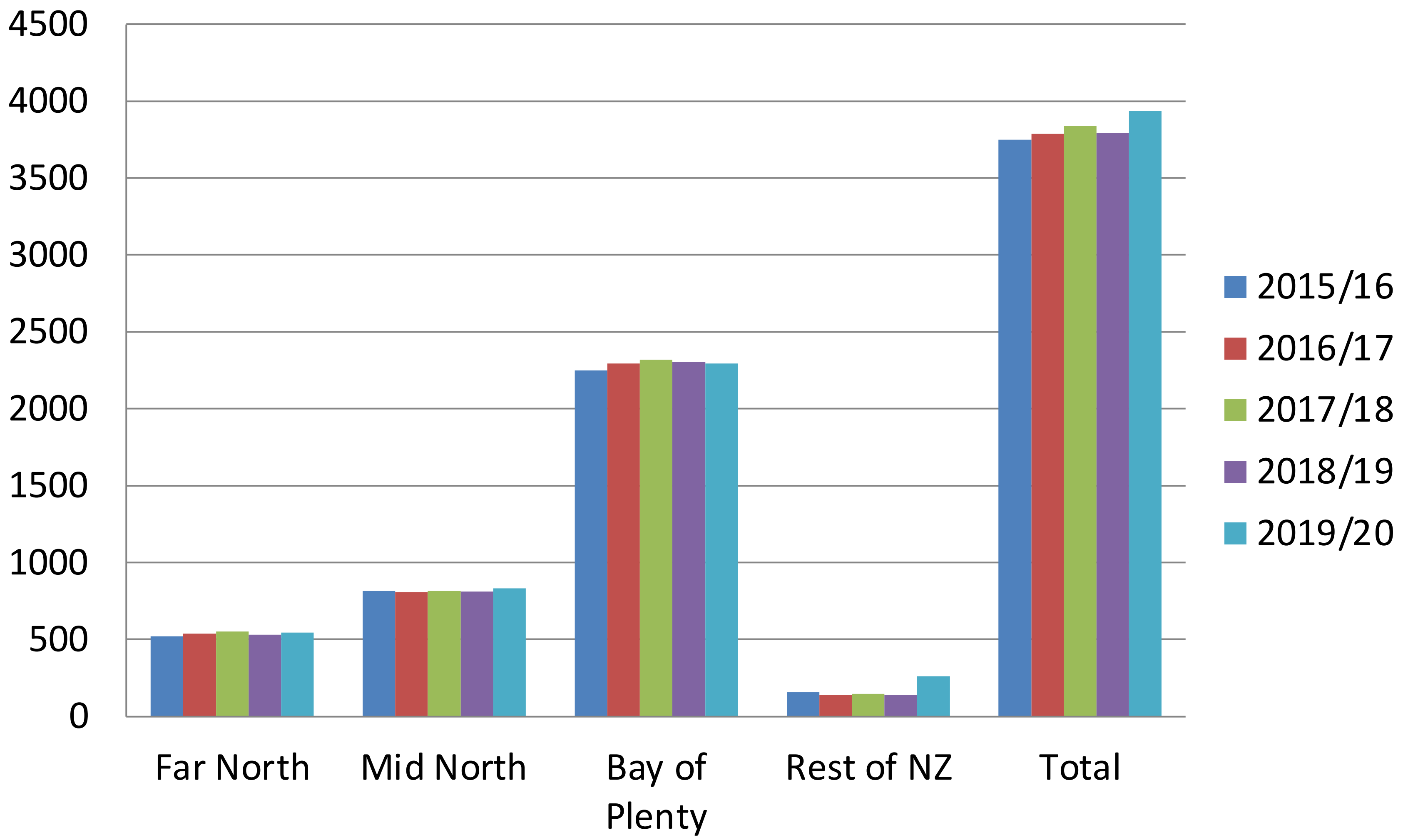
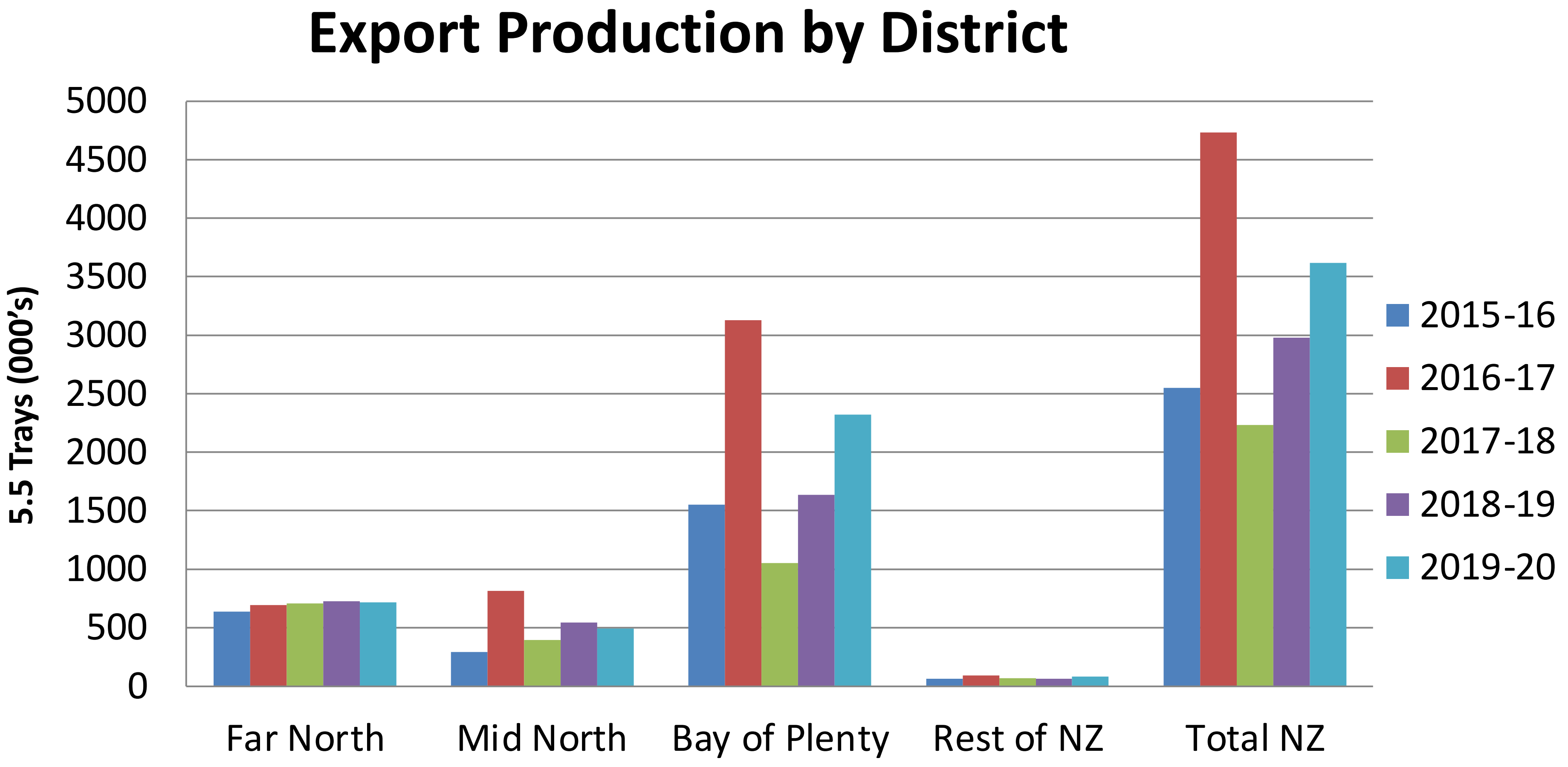
NZ Avocado Growers



Industry Production – Hectares by Region



Industry Production – Export volume



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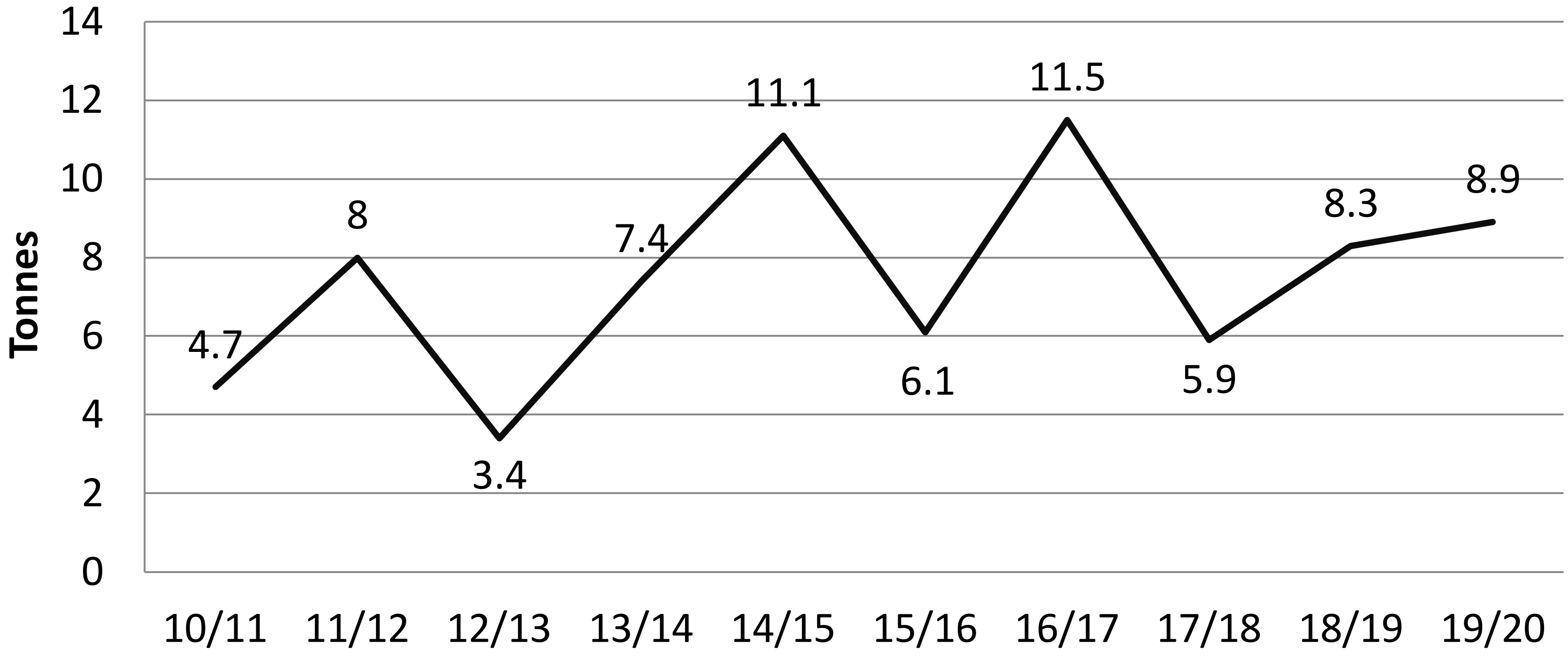
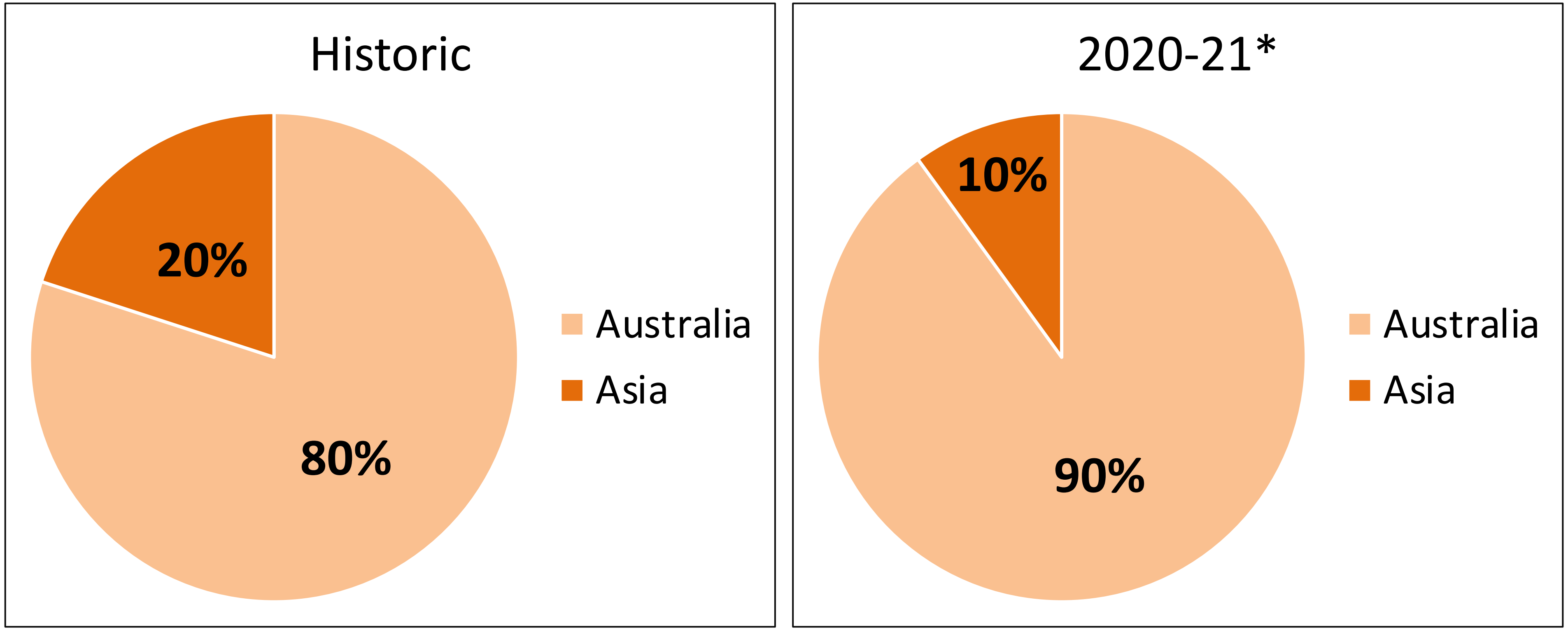
Industry Yield – tonnes per hectare (av.)



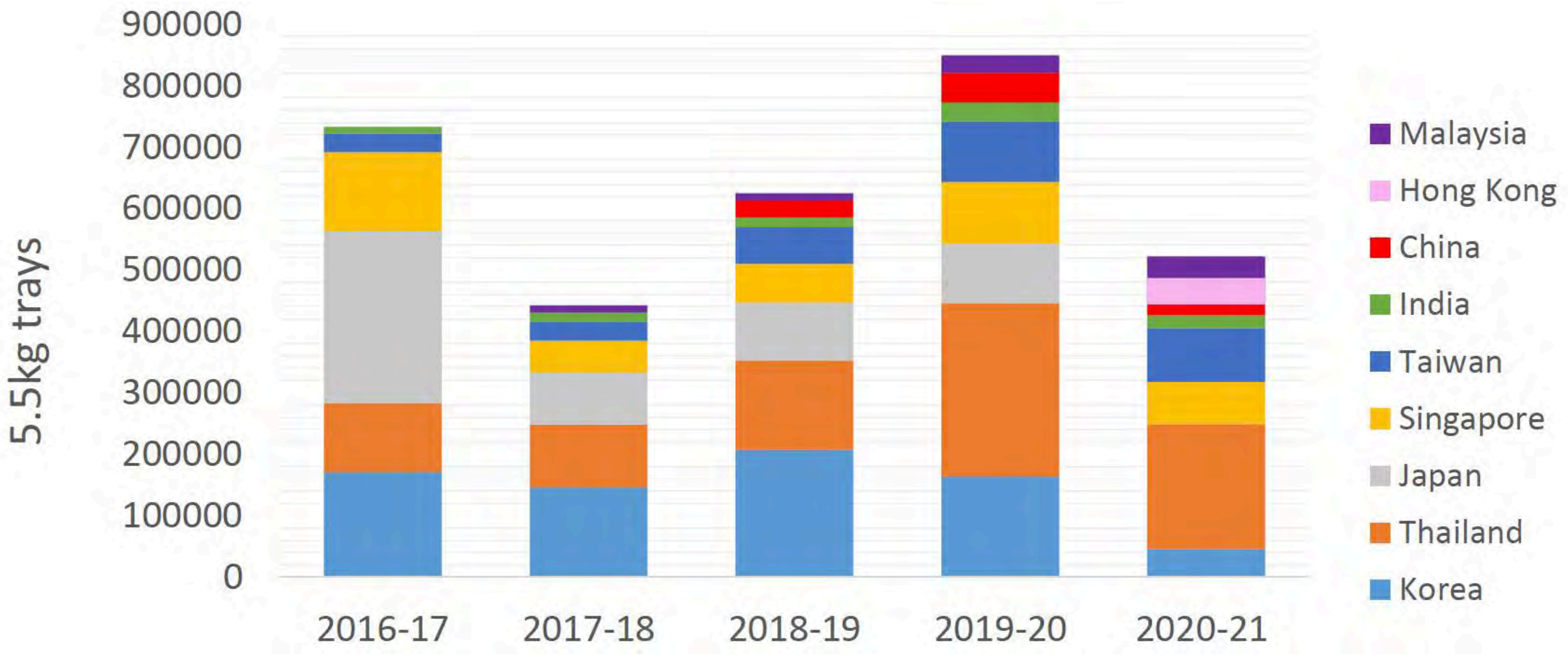
*Research suggests 12-15 tonnes per hectare is required to be economically viable

Where does the fruit go?



*The effects of COVID-19 on shipping and demand

Industry Exports to Asia



How we Prioritise Markets

- Balance between optimising grower returns and long term market development
- Identifying high potential markets and building a position for our brand and product
- Having a sensible spread of markets
- Identifying the markets where we can be relevant
- Access, duty, distance, competitors
- OGR

Competing Origins

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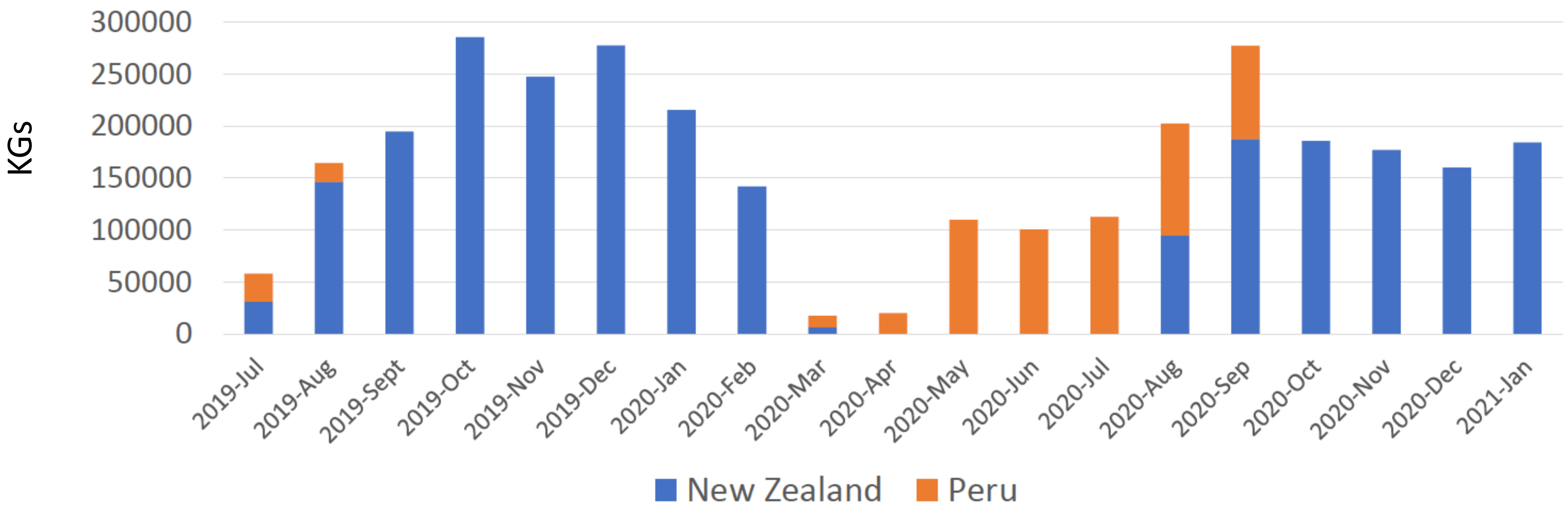
Thailand Avocado Imports



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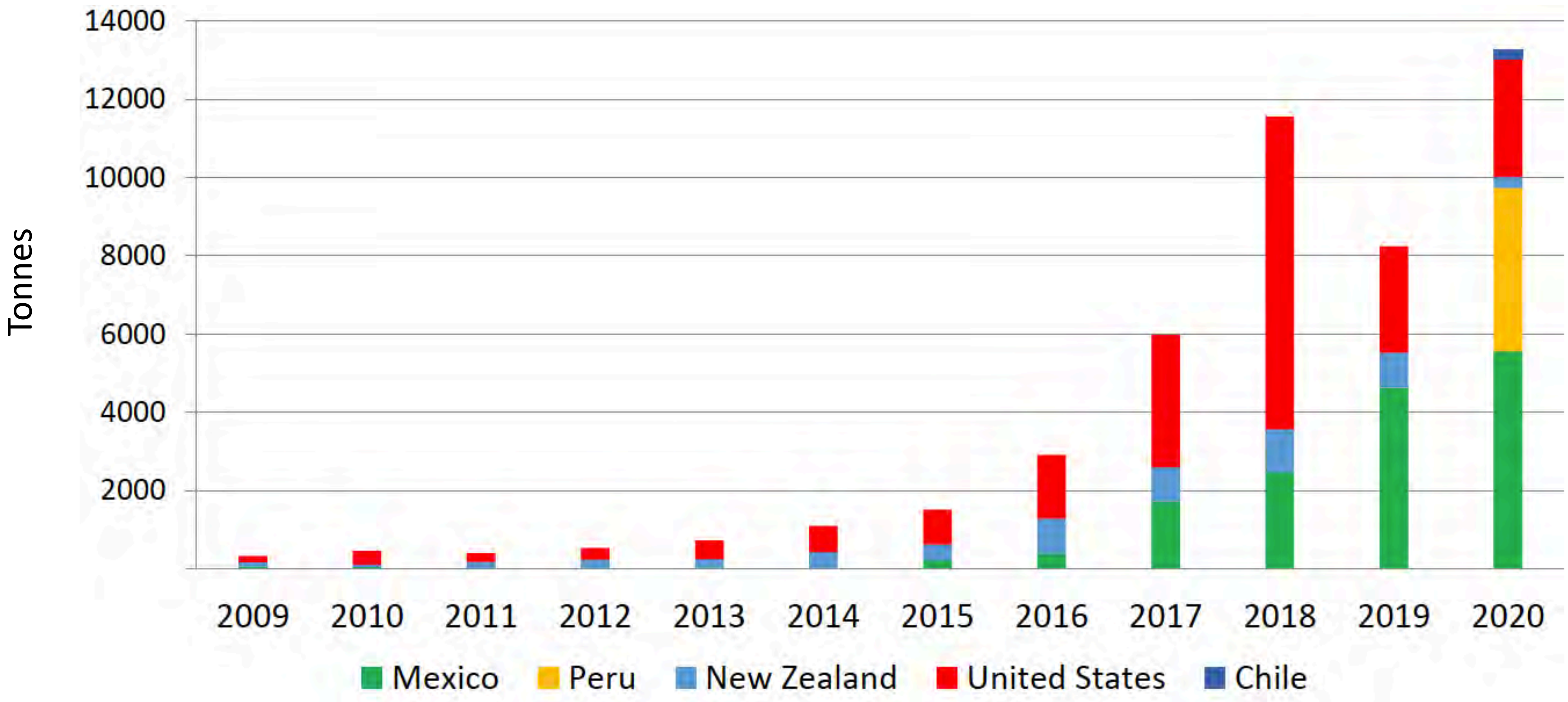
Korea Avocado Imports



Australia

- Has *historically* been typified by: Strong demand / High values
    - **Highly dependent on WA supply** – *more on this later*

- Biggest challenge is meeting retail specs
- <30 day requirements - not easy in 2020
- Change in purchasing behaviour post Covid-19;

  - surge in vegetable demand

  - loose fruit purchase down approx. 7%

  - Prepacked demand is up

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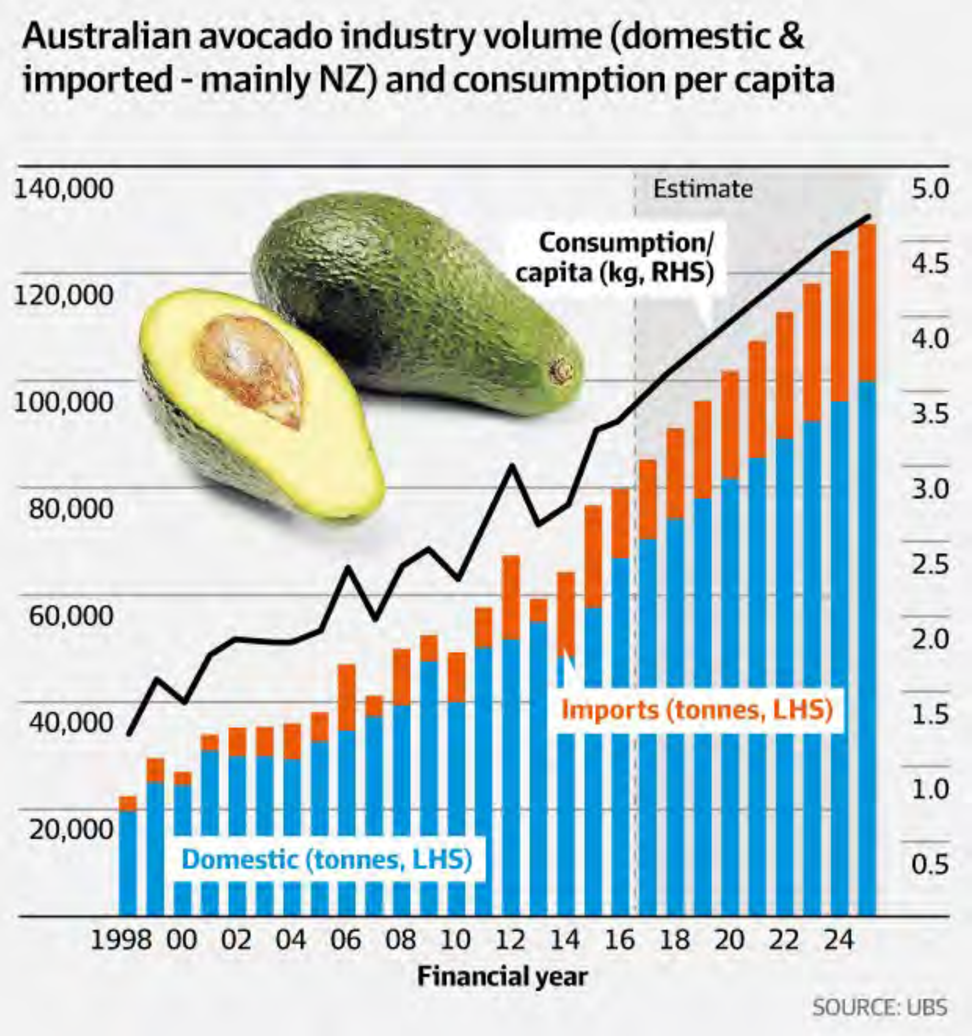
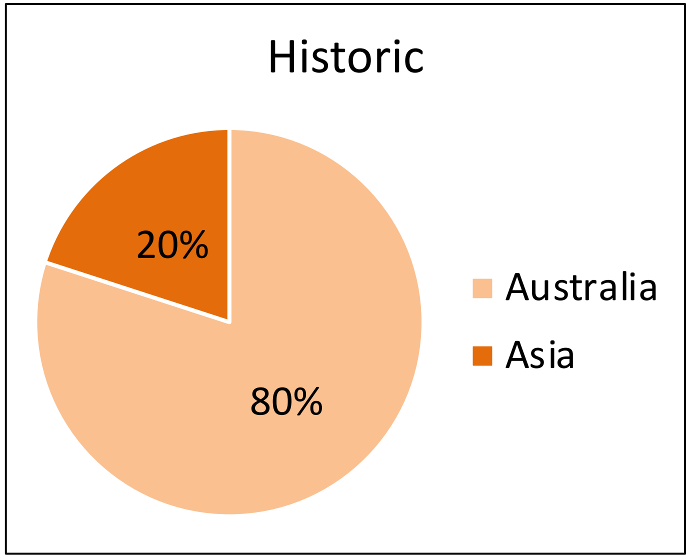
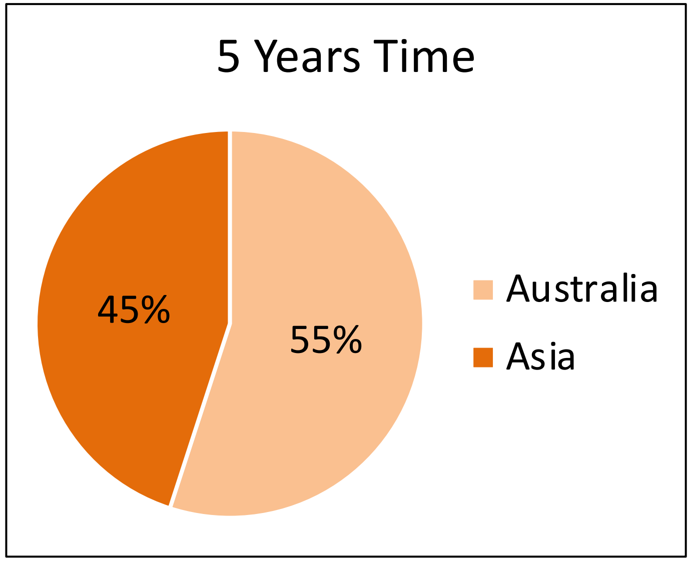
Australia

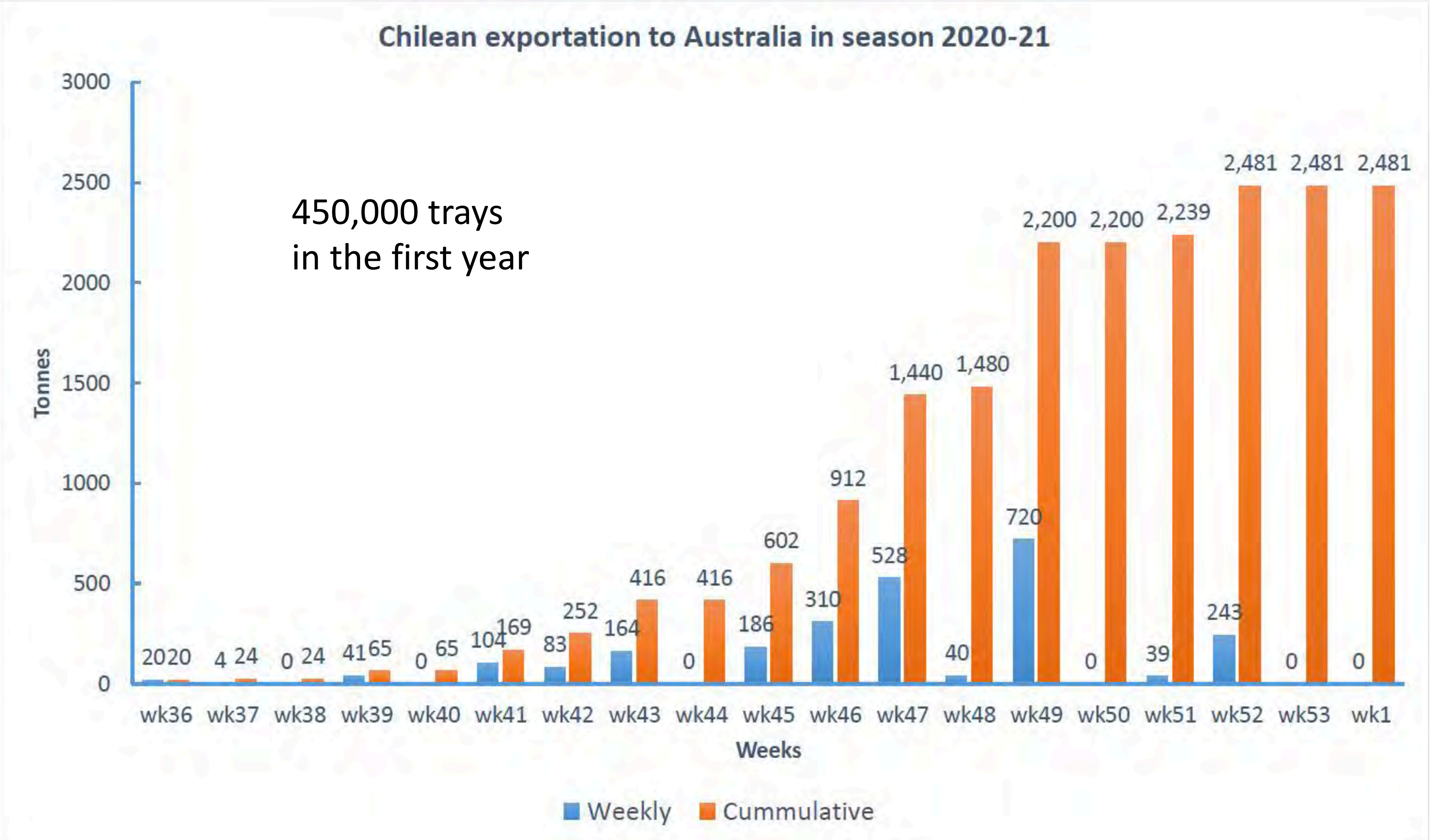






- Increasing WA production
- New plantings in AU and NZ
- Chile gaining access to AU

Chile



New Zealand Avocado

The ‘premium’ market – how we stand out

Increasing cheaper competition means that we need to work hard to command a premium.

NZ will never be able to compete on price, so the focus is on value added products/brand/service.

The goal: to get supermarket buyers and end consumers to choose NZ avocados first.

How?

- Focus on fruit quality – entire supply chain
- Build brand recognition
- In-market support
    - Technical and merchandising training
    - Extensive promotional campaigns

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Photos From the Markets

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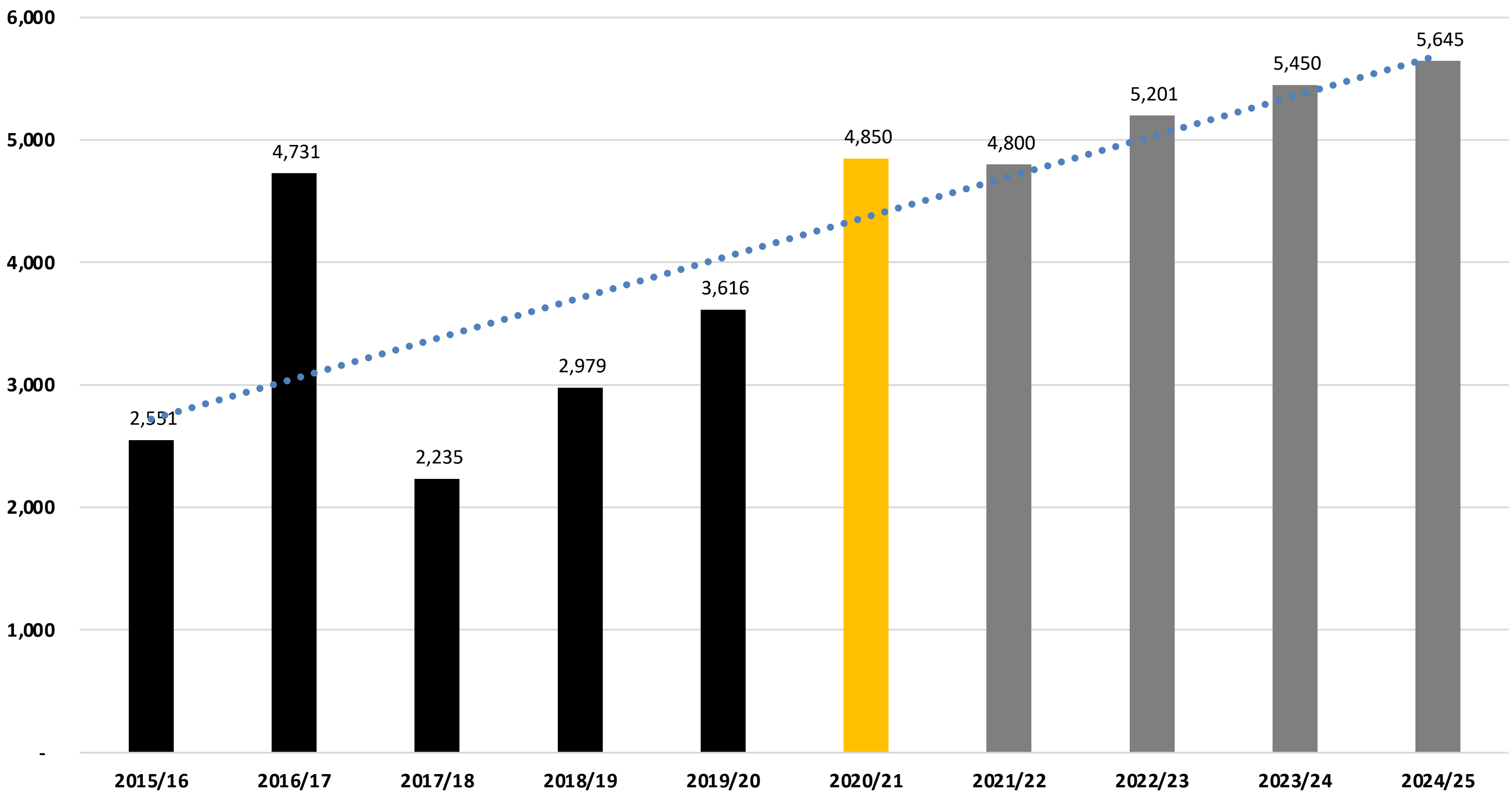
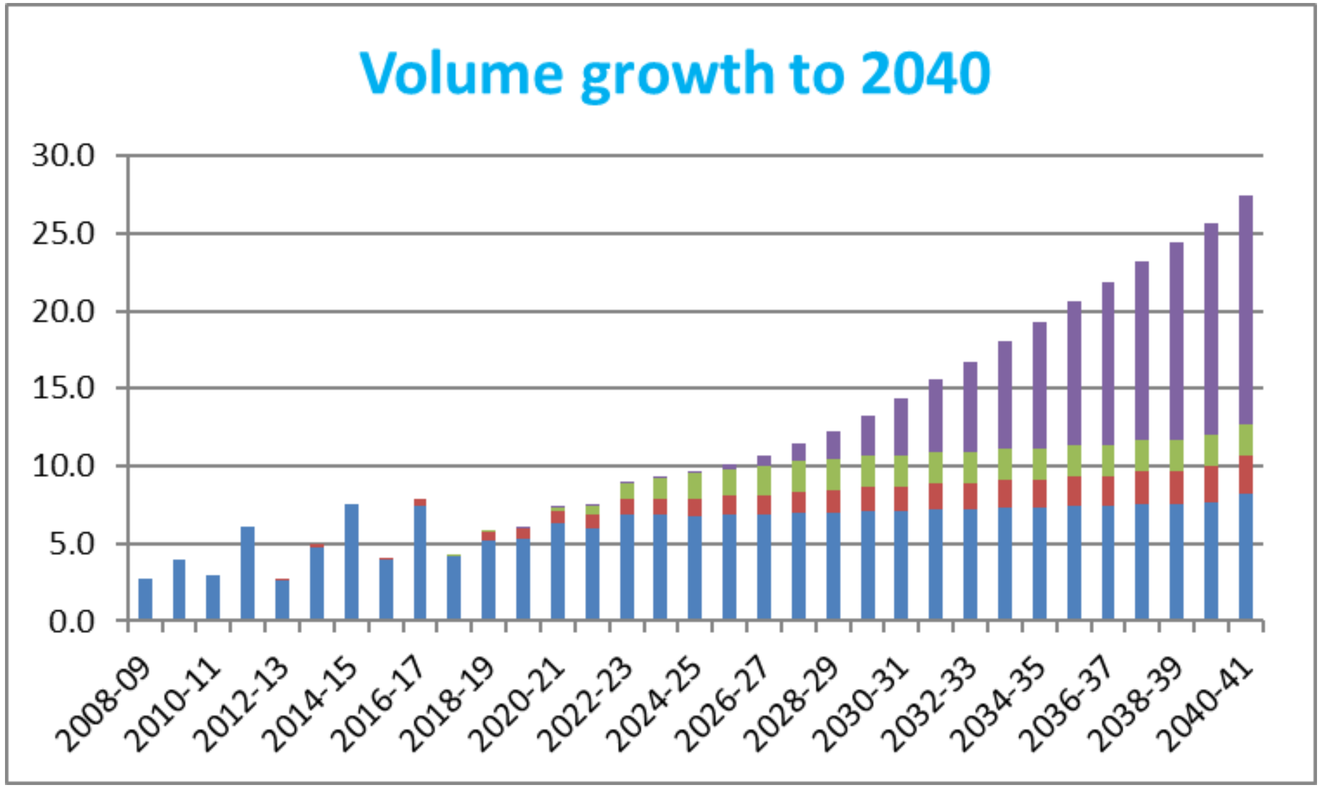
Industry Export Volume – 10 Years



Outlook – Industry Projection



- Planted before 2016
- Planted post 2016
- Large plantings 2016-2022
- Forecast estimate of new plantings post 2020

Outlook - Challenges

- Increasing global production (notably AU)
- Increased competition from South America
- Potentially more NZ exporters
- COVID-19
  - Disruption to sea freight
  - Packing/harvest requirements (China)
  - Travel restrictions
  - Increased costs of air freight (2020 was 2-3 x 2019)
- Increasing compliance costs
- International perception of avocado sustainability (e.g. Chile water crisis)

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Outlook – Positives and Managing Challenges

- Consumption is increasing globally – opportunities in Asia
- New export market opportunities (Vietnam, Indonesia)
- Decreasing effects of biennial bearing
- Fruit quality focus through entire supply chain
- Improved branding and consumer messaging
- Product differentiation
- Market prioritisation
- Improving shipping technology and routes

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Thank you

Any questions?

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