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New Zealand

Organic Products

Market Brief

2001

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Report Highlights: The New Zealand market for organic foods, although small, is growing rapidly. According to a major organic food importer, the New Zealand organic food market is about US$80-100 million, of which at least 30 percent of consumption is imported.

Includes PSD changes: No
Includes Trade Matrix: No
Unscheduled Report
Wellington [NZ1], NZ

Section 1: Summary

The demand for organic food products in New Zealand has risen significantly due to consumers' concern about food safety and nutrition, the environment, and the debate over Genetically Modified (GM) foods. New Zealanders, like Americans and the British, seem to be more interested in the effects of food upon their personal health and the health of their families.

Organic farming has been practiced in New Zealand by a minority of producers for some time, although it has been recognized as a realistic alternative only in the past 15 years. According to Bio-Gro (a New Zealand organic certification agency), current exports of organic products from New Zealand are more than NZ$60 million (US$25 million). Japan is the largest market for New Zealand organic exports (47.3 %) following by Europe (32.5%), Australia (5.3%), USA (3.8%) and other markets (11.2%).

Advantage	Challenges
U.S. companies are reliable suppliers of high quality, innovative organic products.	The weak New Zealand dollar makes U.S. products more expensive.
New Zealand has a demand for many organic foods like baby foods, flour, dry fruits/nuts, and tomato based products and others.	U.S. is perceived as producing only GM foods and not organic or other healthy retail product.

Section II: REGULATIONS

There are four major organic certifying agencies in New Zealand for the certification of locally produced organic products, Bio-Gro, Demeter, Agriquality New Zealand and Aotearoa Organic label.

Bio-Gro is the most well-known organic trademark in New Zealand. It has more than 700 certified farmers and processors with a turnover of over NZ$1 million (US$430,000), 60 percent of which is exported.

Bio-Gro certifies organic agriculture, based on appropriate stocking rates, consideration of animal welfare, sound rotations using diverse stock and cropping strategies with the extensive but rational use of animal manure and other vegetative residues, and the use of appropriate cultivation techniques. It avoids the use of soluble mineral salt fertilizers, nearly all chemical pesticides and all genetically modified organisms. Further information on Bio-Gro Standards can be obtained from http://www.biogro.co.nz/docs/standards.htm

So far, there is no official standard set for imported organic food products in New Zealand. Products certified by an American or other organic certifying organizations are enterable in the New Zealand market.

Section III: Consumption & Market Trends

Market Size

The New Zealand market size for organic products is small. One study shows that in 1999 the domestic market was worth NZ$29 million (retail value) although it has grown by over 250 percent since 1997.

Bio-Gro estimates the domestic consumption of organic foods in New Zealand now is approximately NZ$40 million (US$17 million), growing at the rate of 30 percent per annum. However, according to a major organic food importer in New Zealand, the domestic organic food market is about NZ$200-250 million (US$83-100 million).

Consumers and Market Trends

The organic consumers can be divided into various types:

- The Seekers: These consumers have a strong feeling towards organic produce and actively seek it out. They purchase organic foods in as many categories as available.
- Convenience Seekers: These consumers have a strong feeling and preference towards organic, but need the organic offer to be convenient. They have less time to seek product out and this impacts their organic purchasing.
- GM free consumers: Strong feelings against GM foods have brought a whole new group of consumers into the organic fold. Less concerned about organic but very concerned about GM, they know certified organic foods must be GM free and this is their rationale for buying organic.
- Organic Idealists: These are supermarket organic shoppers. When given the choice or organic within their current food-buying framework, they will often choose to buy organic.
- Organic Foodies: These are the trendsetters. They include chefs, food writers, caterers, etc and they are influential.

A study of consumers' purchasing behavior showed that the availability of organic food was the main criterion affecting purchase decisions (cited by 97% of the sample) followed by price (64%) and quality (22%). Most respondents (87%) purchased organic food for health reasons. According to research in 1999, New Zealand consumers' food budgets consisted of less than 5 percent of organic food. Most consumers who purchased organic food paid an average premium of 20 percent over conventional food. Lack of availability and expense were the reasons for consumers not buying organic produce.

Section IV: Organic Imports

A major organic food importer estimates that imports comprise about 30 percent of the US$80-100million organic food market. Due to unavailability of statistical data on organic products, it is difficult to know how much is imported from each country, but according to the organic importer, U.S. supplies the most imported organic products in New Zealand, followed by Australia, China and the EU. The U.S. organic products in the market include snack foods, breakfast cereals, flour, grains, beans, dried nuts and fruits, fruit concentrate, tomato puree and tomato sauces etc.

According to a study done in 1997, Dedicated Organic Shops sell approximately 36 percent of organic products, followed by Supermarkets 28 percent, Healthfood Shops 20 percent, Cafes & Liquor Stores 11 percent, Direct Sales by organic producers around 4 percent, and bakeries approximately 1 percent.

Section V: POST CONTACTS AND FURTHER INFORMATION

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References:
Bio-Gro New Zealand; OPEG; Paper on Market of Organic food: Dunedin by Margaret Ritchie & Hugh Campbell; Article by local representative of the California Table Grapes and Commission of California Tree Fruit Agreement.