

Kiwi invasion

STUART JACKSON GOES DOWN UNDER TO EXPLORE NEW ZEALAND AS A NATURAL SOURCE OF HEALTH...

The UK has long benefited from importing innovative and distinctive products from overseas. In recent years, however, we have seen changes in the most popular countries to import from, and New Zealand is one of the latest rising stars.

It was, therefore, an opportunity not to be missed when New Zealand Trade Enterprise offered me the chance to experience their industry at first hand. In less than two weeks I visited more than 20 New Zealand manufacturers, met with passionate innovators and attended their annual natural products conference. It was an invigorating and enlightening experience, and over the next couple of months we are going to examine the opportunities that exist for UK retailers to trade with New Zealand suppliers and their UK distributors.

AN INTRODUCTION TO NZ

New Zealand is similar in size to the UK but with a fraction of the population – just four million people emerging from a pre-settled country of 130,000. It comprises two main adjacent islands (North Island and South Island) and a number of smaller islands. With more than 1 million living in Auckland alone, it is easy to appreciate that over half of New Zealand's total land area is pasture and arable land, while more than a quarter is still forest.

It has a rugged, unpolluted coastline and is predominantly mountainous and hilly, including many peaks exceeding 3000 metres. Such a small population in relation



to landmass has led to a very unstressed business community. Being able to travel and meet in such a relaxed manner was a revelation for me.

THE OPPORTUNITY

In terms of international influence, the UK market has traditionally been guided by events in the United States. That which was new and exciting there, was sure to be the next big thing in UK shops. Rising concern over EU legislation, and negative pressure from the media on our consumers' impression of alternative health, have begun to alter this trend. To the detriment of some US suppliers, UK retailers have had to focus on proven and scientific solutions for health in order to match the demands of the UK consumer.

Not so the USA, whose market has become ever more "fad" driven with brash packaging covered in medicinal claims. The UK and USA markets, although still strongly intertwined, have become more distanced with less synergistic opportunity. As the USA's influence weakens, new market sources must present themselves, and New Zealand is indisputably one of the leading contenders.

WHY NEW ZEALAND?

Four million people in a territory roughly the size of the UK results in very limited

opportunity for sales. In contrast to the UK, however, the New Zealand consumer is very health aware and shopping for natural health products is a conventional part of everyday life.

Alternative health's acceptance into the mainstream New Zealand market has fashioned a very interesting scenario. Despite the small population, there is sufficient demand to sustain over 300 suppliers selling to around the same number of health food shops plus various pharmacies and supermarkets. To grow sales, however, international business is required at an early stage.

This is unusual in that similar small to medium-sized brand owners in other countries would typically find all the growth they require by concentrating on the home market. By the time exporting becomes attractive or necessary, most companies are already fairly large with the result of having outgrown the independent retailer or, at best, viewing us as a minor customer.

The first advantage to the UK retailer is that exporters from New Zealand have not become such corporate entities, and we can often find a great deal of empathy. Both the New Zealand consumer and the legislative climate are akin to those here in the UK, leading to products with similar pricing, quality, purpose and packaging. They are



SUMMARY

With UK independents persistently under threat from supermarkets, it is essential to regularly introduce products that permit us to differentiate ourselves. New Zealand offers a unique opportunity to purchase products from a similar consumer market and from suppliers who are still passionately privately owned. Next month we will be taking a closer look at New Zealand-based products and the companies that supply them.

therefore often eminently suitable for UK sales.

The main anomaly is the contrast in the relationship between suppliers, independent retailers and supermarkets. In New Zealand there are none of the all-powerful Walmart or Tesco-type supermarkets; that role is filled by much smaller, friendlier local versions that sit much more comfortably in the same marketplace as health food shops. The hitch this creates is that New Zealand suppliers often bring their products to the UK expecting to sell them quite cheerfully in both health food shops and supermarkets. They don't always comprehend either the competitive edge or the nature of the supermarket beast here.

With such potential for fresh, innovative products from New Zealand, it would be a great shame if UK independent retailers lost the chance to be the sole sellers of these new brands simply because the exporter doesn't appreciate that UK independents offer more than ample opportunity (especially if including pharmacies) in comparison to the growth they will have achieved at home to a market of around 300 health food shops.

THE PRODUCT CLIMATE

New Zealand's pioneering history and distance from major markets has shaped a strong culture of innovation and creativity, with a natural products export industry estimated to be worth \$NZ100 million annually and growing rapidly. The UK and Europe is becoming a very significant market for them, and in contrast to many other export countries where UK trade is merely a sideline, our importance to their growth secures, in return, commitment to our retailers.

New Zealand companies believe the UK retailer is interested in their products because of their pristine environment with ideal growing conditions (as a result of geography and numerous different microclimates), relatively low levels of pollution and their reputation for innovation and research and development, resulting in high quality raw materials. Certainly two of New Zealand's most appealing selling points are the increasing use of unique indigenous ingredients and the application of traditional Maori medicine.

The main natural products supplied from New Zealand that are relevant to the UK include all types of body care, essential oils, herbal products (especially from manuka and Echinacea), fish oils, chondroitin sulphate, bee products (including pollen, propolis, royal jelly and active honey), mussel extract powder and various vitamins and minerals.

More about these and their producers next month.



If you have any questions for Talking Shop or would like further information on Stuart Jackson's consultancy service, contact him on 0131 315 0303 or email stuart@forceofnature.co.uk or visit www.forceofnature.co.uk