

# ***Australian Melons in New Zealand***

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# New Zealand's reliance on Australian Melons

Australian melon exports to New Zealand could triple pre-2020 levels once Australian growers get accustomed to a new protocol and tourism gets back to pre-COVID levels.

These were the thoughts of at least two New Zealand importers who spoke to Market Intelligence Asia, sharing their intel on the melon trade in New Zealand.

Until 2019, Australia was the dominant external supplier of melons to the New Zealand market. That changed suddenly when the Cucumber Green Mottle Mosaic Virus (CGMMV) was detected, and a suspension was placed on Queensland melon exports to New Zealand.

Fast forward to 2021, with the suspension lifted, the regained trade struggled to reach one-third of pre-2020 levels. The optimism shared by New Zealand's importers suggests that New Zealand will soon return to the number one export destination for Australian melons.

## THE MARKET

New Zealand is Australia's closest Pacific neighbour with a population of 5.1 million and is an export driven nation with high living standards. The population is concentrated, with around 77 per cent living on the North Island and 23 per cent on the South Island. Like Australia, 86 per cent of the population live in urban areas.

The country enjoys weather conditions that favour agricultural production and access to international fresh produce trade. New Zealand fiercely guards its agricultural production with tight market access conditions. Australia is not given any preferential treatment, with melons caught in a market access suspension in 2020. Many other horticultural products from Australia remained locked out.

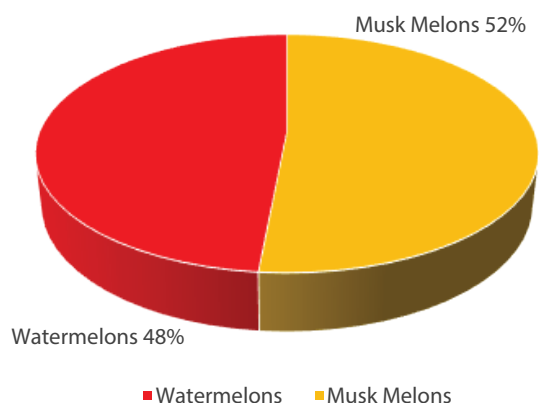
COVID-19 has impacted New Zealand perhaps harder than many countries, with the federal government adopting a strict COVID zero approach that has kept the country isolated from global travel and consequently has had a devastating impact on the country's tourism industry. Melon consumption in tourist hotels plummeted.

On the retail front, there are two main retail groups – Woolworths (Countdown, Super Value and Fresh Choice) and Foodstuffs (New World, Four Square, Pack n Save). Independent retailers make up approximately 15 per cent of the retail space across New Zealand. The largest food service distributor in New Zealand is Bidfood New Zealand.

## MELON CONSUMPTION

Pre-2020 melon consumption was around 12,000 tonnes per year (local + imports), which was 2.3kg per capita. Contrast to Australians consuming over 6kg per year per person and the potential to lift per capita consumption is evident. New Zealand imported around 6,000 tonnes of melons including watermelons per year, almost all from Australia complementing local production also of around 6,000 tonnes. The share of imports was close to 50:50 for watermelons and musk melons. Within musk melons, the share of rockmelons to honey dew is 70:30

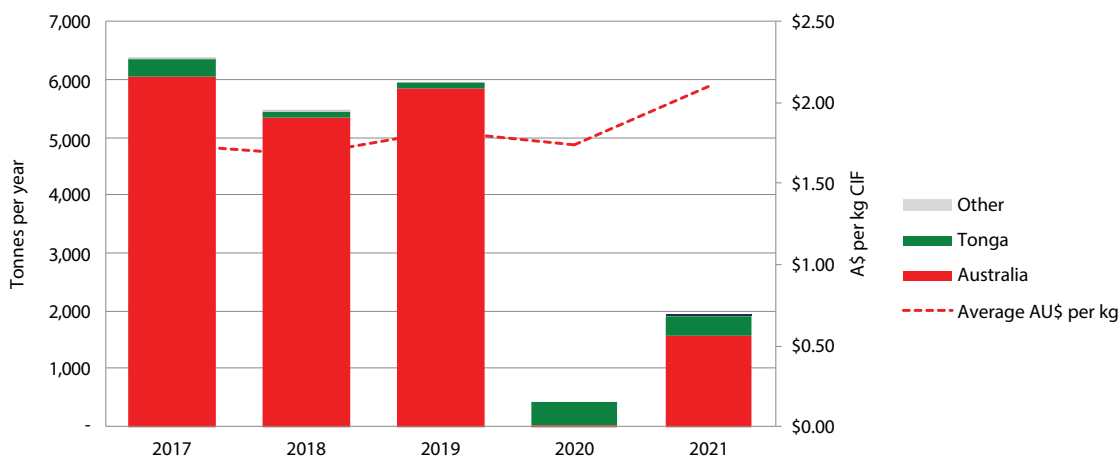
**Melon import share by type in 2019**



Australia was and is again the dominant external supplier of melons to New Zealand, accounting for over 90 per cent of the supply. There are no other major suppliers accessing the market. When Australia was suspended in 2020 the only alternative supply was from Tonga, which was no match for the Australian volume.

Melons are used extensively in the food service sector, as well as retail, though the decline in melon imports in 2020 and 2021 was not due to the pandemic, rather ironically the suspension of trade from Queensland due to a different virus being detected, the Cucumber Green Mottle Mosaic Virus (CGMMV).

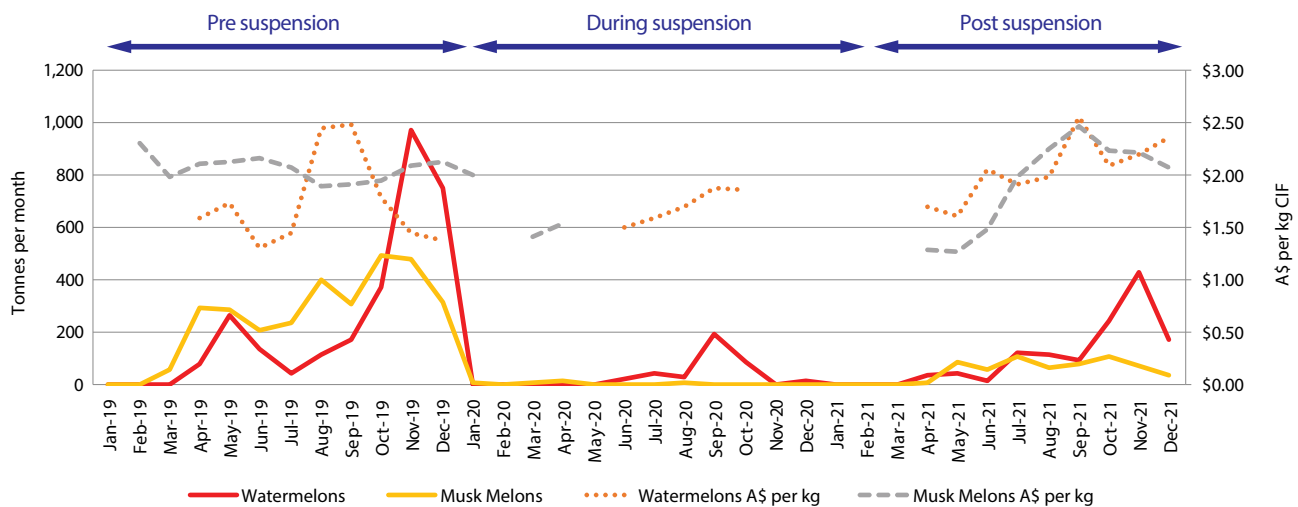
## New Zealand - Melon Imports 2017 - 2021



Source: ITC Trademap; Fresh Intelligence analysis

Looking back at the seasonal patterns of a “normal” year in 2019, melons were supplied to New Zealand from April until December, which is mostly outside the domestic season. The suspension from January 2020 cut the 2019/20 season abruptly. It was not until April 2021 that trade was reinstated with strict protocols. »

## New Zealand - Melon Imports Seasonality - Jan 2019 to Dec 2021



Source: IHS Global Trade Atlas; Fresh Intelligence analysis

## SUPPLY CHAINS

Rockmelons and honey dew melons are important to hospitality and the food service sector. These operators are looking for both a whitish flesh and an orange flesh, as they play an important part of the breakfast bar aesthetic. Demand is split 70:30 for rock and honey dew melons.

Watermelons also add colour and flavour to the breakfast bar experience and need to be a full red flesh colour and not pale. Australian seedless watermelons are highly favoured in the food service sector as these varieties are not grown locally in New Zealand.

Fresh Cut melons are prepared by business by buying from importers, cutting and packing into containers for distribution. This sector is growing but only represents a small share of the market at this stage. Food service supply companies are a large sector of this market. They slice/dice and cube the melons before packing them into punnets to sell onto airlines. Cruise ships and hotel industries prefer whole melons to be prepared in-house for consumption for freshness.

Countdown and Foodstuffs are the main retail groups, and both operate similarly to Australia with heavy use of co-operative programs to drive volumes and customer value. Long lines of consistent quality fruit being available is essential for market growth and this has not always been the case for imported Australian melons.

Watermelons tend to sell better when cut in half. If the skin appearance isn't quite right, you can cut it and it still looks good. With a rockmelon or a honey dew, it's 100 per cent being sold on its outward appearance.

New Zealand doesn't produce seedless watermelons, so while it's understood that this is a key selling point for the Australian consumer and adds value to the imported product, the New Zealand consumer doesn't really differentiate the two products but does prefer to buy a smaller watermelon than that of the Australian consumer.

When melons are not available, New Zealand consumers are not buying alternative products. Melons are a discretionary purchase for the New Zealand consumer. In the summer they become a more popular item but in winter melons are seen as more of a luxury purchase.

Domestic and imported melons don't tend to be sold alongside each other. It's an either/or in the New Zealand market depending on the time of year. When domestic supply runs out, the imported product will become available to the consumer.

Domestic products are more popular with the New Zealand consumer due to freshness and price. However, the variation in taste between Australian and New Zealand products are so small that it isn't a barrier to purchase.

According to importers, there is great potential for Australian melons with a 9-month season versus a 3-month domestic season. The most important driver was consistency to allow a steady supply of fruit and for retailers to regularly promote the imported product with reliability.



ABOVE—Fresh Cut Melons is still a small sector  
BELOW—Quality issues identified in some consignments

## QUALITY

Importers tend to be looking at a larger piece of fruit in the region of a 6-9 count for food service, while retailers looking to get the right price point through selling whole pieces of fruit are looking for a 6-15/16 count.

Blotching on the honey dew has been a concern for importers, possibly down to radiation treatments, which is something to be careful of. Rockmelons seem to have fared better with the radiation treatment.

Another important issue raised was in relation to the consistency of the actual product arriving »



from Australia. Not only was the count size being too varied but also in terms of the varieties of fruit being packed in bins, making it extremely difficult for importers to implement robust programs with their customers when they don't know what to expect until the product arrives.

Additionally, there hasn't been the consistency in quality. One importer remarked that overall, some excellent fruit consignments have been received but there have also been some below average shipments on the quality front, with marking issues, mold, rot at the stem etc.

One buyer commented that the range of pricing and sizing would be more varied than any other product they on-supply to their customers. Continuity of grading and sizing and quality per bin/per consignment is critical to ensure better sales of Australian melons in the New Zealand market.

Where Fresh Cut melons are being diced and cut by others for distribution, the quality of the exterior appearance is less important than that of the internal appearance.



ABOVE—  
Inconsistencies  
with presentation

## PACKAGING

Approximate estimations from one importer suggest there was a 70/30 seafreight to airfreight split in the transportation of melons to New Zealand from Australia pre-Covid.

Airfreight offers better quality, but the preferred method would be seafreight to enable the larger volumes of product to be released into the market to drive promotions in the retail environment.

Watermelons tend to be shipped in bins of approximately 300 – 400kg weight. Of those, approximately 80 per cent of bins would be sold full. Some fruit was repacked into crates in New Zealand to allow the melons to be managed more easily by smaller customers or at supermarket distribution centres with special requirements.

Rockmelons and honey dews tend to be shipped in cartons of about 14kg and packed between a 6-12 count.

Overall, Australian exporters are providing robust bins that travel well. One importer said that while 300-400kg bins were on the large size, and there were some advantages to offering smaller weights, the New Zealand trade was used to these bin sizes.

Sustainable packaging formats were raised as a growing priority and should be kept in mind, as should 'retail-ready' packaging for specific customers, though most comments were positive when it came to the packaging and quality of the bins.

Watermelons are more likely to be cut in half by retailers in store as consumers aren't going to pay the high price for whole watermelons and prefer the smaller portions.

On the other hand, very few rockmelons and honey dews would be halved, and the majority are sold whole. Pre-cut melons sold in punnets or bowls are still a relatively small percentage of the market. Cleansing protocols and sanitation regulations and labour requirements in store are seen as a barrier to growth in retail Fresh Cut programs, as is the consistency issues discussed of product being received.

### ABS stats show

	2019	2021
Sea	90%	64%
Air	10%	36%

## IMPORTING

The consistent message from importers following the 2021 season was that MPI (Ministry for Primary Industries) requirements for exporting fruit to New Zealand were a handbrake, and with that the registration requirements of the farms in Australia to meet the new MPI standards for exports was the main barrier to trade. One importer said they were essentially working with only two exporters in Queensland last season, who »

were registered and able to supply the New Zealand market.

The key to having Australian melon export volumes return to pre-suspension times is supply (NZ registration) and logistics. Industry assistance given to growers to register is hugely important and the Australian industry should, if not already, be assisting growers to register early. Shipping and airfreight are the other challenges to overcome.

Another common criticism was that the New Zealand melon market is very much beholden to what the Australian domestic market is doing. Unless product is being grown specifically for an export market, “if the market is strong in Australia the melon volumes just don’t get to New Zealand” was the perception.

Change the Australian growers’ attitude to that of “consignment growers” and one importer felt they’d be in a position to greatly increase sales. Another importer predicted three times more fruit could be sold in New Zealand if the volumes were there.



ABOVE—Retailers would promote more if the supply was more consistent

## OPPORTUNITIES FOR AUSTRALIA

Importers were confident that imports of Australian melons were going to increase steadily after a couple of difficult years, although they had a few key messages:

1. **Register for export:** The strongest message from importers following the 2021 season was to raise awareness of the MPI (Ministry for Primary Industries) requirements for exporting fruit to New Zealand, and with that the registration requirements of the farms in Australia to meet the new MPI standards for exports.

**Important:** Growers are to register properties with the department and have their property confirmed as free from Cucumber Green Mottle Mosaic Virus (CGMMV) based on state issued freedom certification. Property freedom from CGMMV must be confirmed by the department prior to exports being permitted. Information regarding registration can be obtained through contacting the Horticulture Exports Program at Horticulture Exports Program. [www.micor.agriculture.gov.au/plants](http://www.micor.agriculture.gov.au/plants)

2. **Consistency of supply** - retailers want to lock in promotion programs in advance and are unable to do so if supply is inconsistent. Treat your New Zealand customers as you would major retailers in Australia. The key to having Australian melon export volumes return to pre-closure times is supply (NZ registration) and logistics. Industry assistance given to growers to register is hugely important. Consistent quality fruit will increase retail confidence to promote and shift more volume.

3. **Communications** – build better communication lines between growers, exporters, importers, retailers and consumers. Work with the importers and retailers to grow consumption via consumer messaging and promotions.

Australia has a perfect opportunity to grow melon exports to New Zealand and see the demand increase per capita consumption from 2.5kg (pre Covid) to rival Australia’s 6.5kg. From May to December Australia is the only supplier. ●

## REFERENCES

ITC Trade Map (2022) Retrieved Feb 28 2022

IHS Global Trade Atlas Retrieved Feb 28 2022

FAOSTAT (2022) Retrieved Feb 28, 2022

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## DISCLAIMER

Fresh Intelligence Consulting has collated and analysed the information for Melons Australia from data provided by the International Trade Centre and the Food & Agriculture Organisation (FAO). The qualitative information was gathered by Market Intelligence Asia from in-market consultations.

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