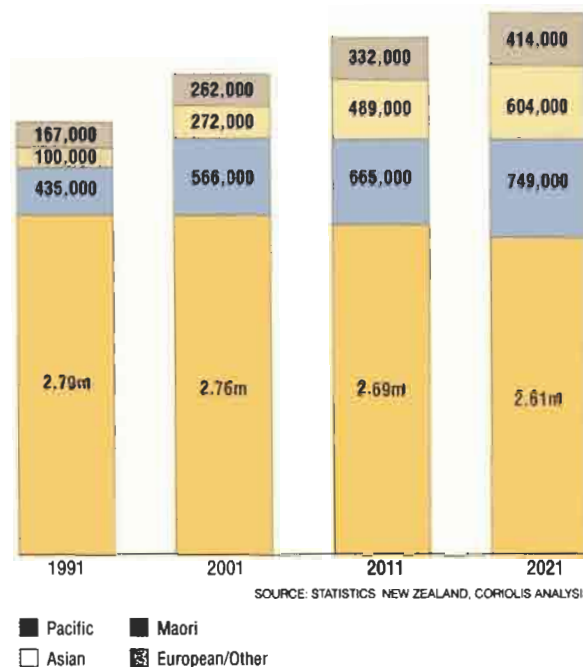
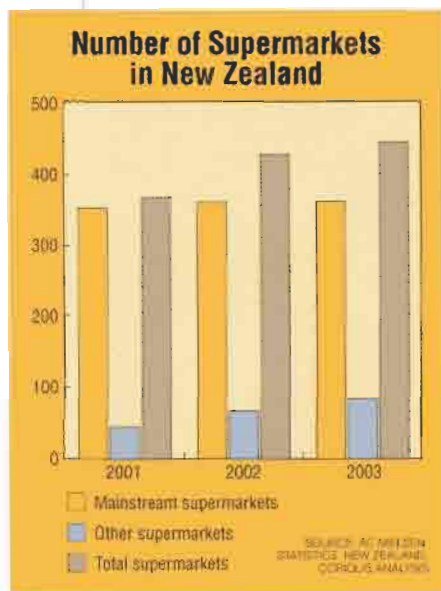


Asian food dollars go east

The Asian population is growing, but the mainstream supermarkets don't seem to have noticed, reports Nikki Mandow



SOURCE: STATISTICS NEW ZEALAND, CORIOLIS ANALYSIS

CAN YOU name New Zealand's third largest supermarket chain? New World? Woolworths? 3 Guys? All wrong. It's Tai Ping Trading, an Auckland-based group specialising in importing food for the Asian market.

OK, the question is sneaky because all New Zealand's main supermarket brands are owned by two huge groups — Progressive Enterprises and Foodstuffs. Although Tai Ping Trading is number three it only has six supermarkets — so far. But Tai Ping has grown enormously from one small supermarket when it was founded 20 years ago. And the increasing Asian-ification of the New Zealand retail scene is just one manifestation of a growing trend.

Analysis by retail market researcher Coriolis shows while only nine mainstream supermarkets (what supermarket researcher ACNielsen calls "key accounts") have opened in the last three years, 39 "other" supermarkets have started up, mostly in Auckland and Wellington (see graph). "Most of these 'other' supermarkets are stores specialising in servicing an Asian clientele," Coriolis principal Tim Morris says.

Of course, the Asian population is blossoming (see graph) and is expected to make up 13% of the population by 2021. "Unlike previous major waves of immigration from Holland, Yugoslavia or Polynesia," Morris says, "these new arrivals are bringing their brands and retail formats with them."

Why? Because mainstream supermarkets are merchandised to sell European staples, and Asian cuisine uses fundamentally different foods. Rice not wheat, Asian greens not potatoes, soy-based not dairy-based milk products.

Asian supermarkets compete on two levels. First,

they service the Asian market. Tai Ping director Michael Chan, for example, says his company imports 90% of its non-fresh stock from a wide range of Asian countries. His aim is to cater for most Asian tastes — except the traditional Japanese, whose food is quite different. Second, Asian supermarkets have the best prices in town on many non-branded goods — and not just Asian products. Look at Coriolis's random price survey: instant noodles at Lim's Supermarket in Auckland were \$8.99 for 100 packets (\$1.69 for five at Foodtown); chicken drumsticks were \$3.99 a kilo (\$8.99); bananas \$1.29 a kilo, (\$2.59). The results are similar for Tai Ping, which imports food by the container-load, Chan says, also acting as a wholesaler for many smaller Asian stores.

Are New Zealand manufacturers grasping the opportunities of this new market? Nope. "All the signs are that Asian supermarkets will continue to grow and chains have already begun to emerge. [In a low-growth market] there is an opportunity for Australasian manufacturers to embrace the growth of Asian supermarkets," Morris says. "[But] I can count on one hand the sales reps I have met from major FMCG [fast moving consumer goods] companies who are either Asian or who speak an Asian language."

At Foodstuffs, managing director Tony Carter doesn't see Asian supermarkets as a threat, but neither is he particularly taking advantage of the potential market. The company doesn't measure the number of Asians visiting its stores, he says, and much of the growth in sales of Asian goods is driven by non-Asians experimenting with Asian cuisine.

At Progressive Enterprises, however, man-

agement is just waking up to the Asian market. Merchandising general manager Mark Brosnan is looking at expanding the range of Asian food on offer at the Auckland City Foodtown, due to open in June. "We are still developing our strategy at this point [with regards the rest of our supermarkets]," Brosnan says, but the experience at this new store will help.

It won't be easy. With shelves already crowded with pakeha-gear produce, it's hard to see how mainstream supermarkets can compete for the Asian market without a major rethink.

"They would have to increase their product range by a lot," Chan says. "We are constantly going overseas to extend our range. I feel a lot of the Asian migrants would prefer to go to an Asian-oriented store where they can get most of the products."

Mainstream supermarkets may not be going head-to-head against their Asian counterparts, but there is evidence Asian supermarkets are not so benign. Tai Ping's stores originally stocked only Asian vegetables, but Chan says they now have a full range. And with Asian importers taking advantage of parallel importing rules to bring in cheap branded goods from Asia, albeit with Asian labelling (Colgate toothpaste, Milo, Campbells soup, Nabisco wafers etc), the non-Asian Kiwi shopper will recognise more and more products on Asian supermarket shelves.

A recent New Zealand Herald survey found one in five Auckland households visited an Asian supermarket at least once a month. Chan says his customers are now about 30% non-Asian and the number of pakeha is increasing.

By the next census in 2011, the name of New Zealand's "other" supermarket chains may trip more easily off the tongue.

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