

## **2018 ExportNZ DHL Export Barometer: Exporters remain largely confident, despite challenges ahead**

- **More than 50% of exporters have seen international orders increase over the last 12 months, and 60% of them remain optimistic that international orders will increase in the next 12 months**
- **Australia continues to dominate as the top export destination**
- **Increasing costs from industrial regulation and currency fluctuation seen as biggest concern for exporters**
- **Online marketing and e-commerce opportunities remain as untapped potential**

**Auckland, 29 October, 2018:** The 2018 ExportNZ DHL Export Barometer released today shows that despite a rapidly changing global marketplace, Kiwi exporters still remain confident and are handling the pace of change. While the Kiwi export sector remains strong, exporters should prepare for any challenges ahead, particularly in the face of escalating tensions related to international trade and protectionist measures.

According to the ExportNZ DHL Export Barometer – which was conducted among more than 400 New Zealand exporters, 52% of respondents have experienced increased export orders in the last 12 months, while 34% reported a status quo in order volumes. Expectations for 2019 are still in positive territory with 34% expecting orders to remain the same, while 60% expects orders to increase – a decrease from the 71% recorded last year.

Mark Foy, Country Manager, DHL Express New Zealand, says, “This year’s ExportNZ DHL Export Barometer results highlight that there is strong optimism among Kiwi exporters. It is promising to see New Zealand exporters investing in innovation and new product development to reach international audiences.”

Catherine Beard, Executive Director of ExportNZ says, “The sentiments of Kiwi exporters are upbeat in the face of considerable international uncertainty. However, despite the confidence to manage the uncertainty well, there remain strong concerns with staying competitive in the face of increasing industrial relations costs, which small to medium-sized firms will take into consideration when they make decisions regarding export.”

## **Australia remains top export destination**

As a Kiwi export destination, Australia continues to dominate with 74% of exporters sending goods there, while North America (41%), Europe (38%) and the Pacific Islands (36%) still remain as strong export destinations. While these export destinations consistently featured in the top of the list, the UK has for the first time, made its way into the top five, edging out China by a narrow margin (3%).

“The focus of exporters on the Australian market is reflected in an increase in demand for DHL Express services between Australia and New Zealand. DHL Express is committed to providing the expertise and network for NZ exporters to reach international markets, and help them drive e-commerce,” said Foy. In response to the growing export demand across the Tasman, DHL Express recently invested in a larger freight plane for the trans-Tasman trade lane, to better support Kiwi businesses tapping into the international markets.

## **Challenges ahead and what is next for exporters**

### *Exporters expect more currency stability*

In a volatile market, surveyed exporters vocalized that the New Zealand dollar has been less manageable when compared to previous years. The survey indicated that exporters are showing apprehension around the escalating international trade war and the strength of competition in overseas markets. To diversify against this uncertainty, 38% of New Zealand exporters surveyed have developed new products or services over the last year, and 30% have entered into new markets.

### *Exporters look towards the government for support*

Kiwi exporters are seeking government support in order to stay competitive and confident in the face of increasing industrial relations costs. ExportNZ’s national advocacy in support of free trade negotiations, working with Ministers and government agencies to reduce trade barriers and vocalizing exporters’ concerns were the most important exporting service support. More than 50% of respondents wanted more help to attend international trade shows with other New Zealand companies and help to find trusted partners in overseas markets.

### *Digital space still presents untapped potential for export business*

Websites, Facebook and Instagram are the online sales channels for only 58% of respondents – this can be attributed to the significant number of exporters who are selling to other businesses and distributors (who are not present on social media), rather than end consumers. This may also

explain why 30% of exporters are still not generating online orders – an increase from 26% recorded in 2017. On the other end of the spectrum, 16% of exporters are currently generating more than 90% of their sales via online orders, an increase from 10% recorded in 2017 – a testament of growing acceptance of e-commerce potential among the savvy exporters.

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## **About the ExportNZ DHL Export Barometer**

A joint initiative between ExportNZ and DHL, a total of 432 New Zealand exporters were surveyed for the ExportNZ DHL Export Barometer 2018. The ExportNZ DHL Export Barometer, launched in 2016, is aimed at analyzing export confidence in New Zealand and identifying export trends. It is based on nationwide research, examining the business outlook of Kiwi exporters, highlighting changes in overseas market demand and providing insights into the factors impacting New Zealand's export trade.

The research was conducted between 23 July and 20 August 2018. The profile of respondents included representatives from all areas of the country, with Auckland representing 36%, Wellington 11%, Rest of the North Island 29%, Christchurch 16% and Rest of South Island 8%. They comprise a range of business sizes with 26% having 1–4 employees, 38% classed as small businesses (5–19 people), 23% medium (20–99 people) and 14% as large organisations (100+ employees).

The key industry segments targeted are: Manufacturing (39%), Online retail (11%); Agriculture, forestry or fishing (10%), Professional scientific & technical equipment (10%), and Transport & storage (6%). While the majority of respondents comprise businesses that have been exporting for more than 20 years (38%), 19% have been exporting for less than five years. Just over one-fifth (21%) have been exporting for 11–0 years and 17% have been exporting for 6–10 years.

## **For more information contact:**

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