

# EXPORTNZ DHL NEW ZEALAND EXPORT BAROMETER



**November 2016**  
**13<sup>th</sup> Edition**

# OBJECTIVES AND METHODOLOGY



# OBJECTIVES

The main objective of this report is to track export confidence in the New Zealand market:



1. To track changes in **export confidence** indicators
2. To understand **barriers** faced by exporters
3. To understand the **economic conditions** that have affected exporting in the last 12 months
4. To explore the impact of the **New Zealand dollar**
5. To establish what **initiatives** exporters have introduced to drive sales
6. To understand the use of **online commerce** and **social media**

# METHODOLOGY



## Who?

- A total of n=536 surveys were completed online in 2016
- All respondents were contacted from the ExportNZ and DHL database of exporters
- Wide range of respondents by size, region and industry



## How?

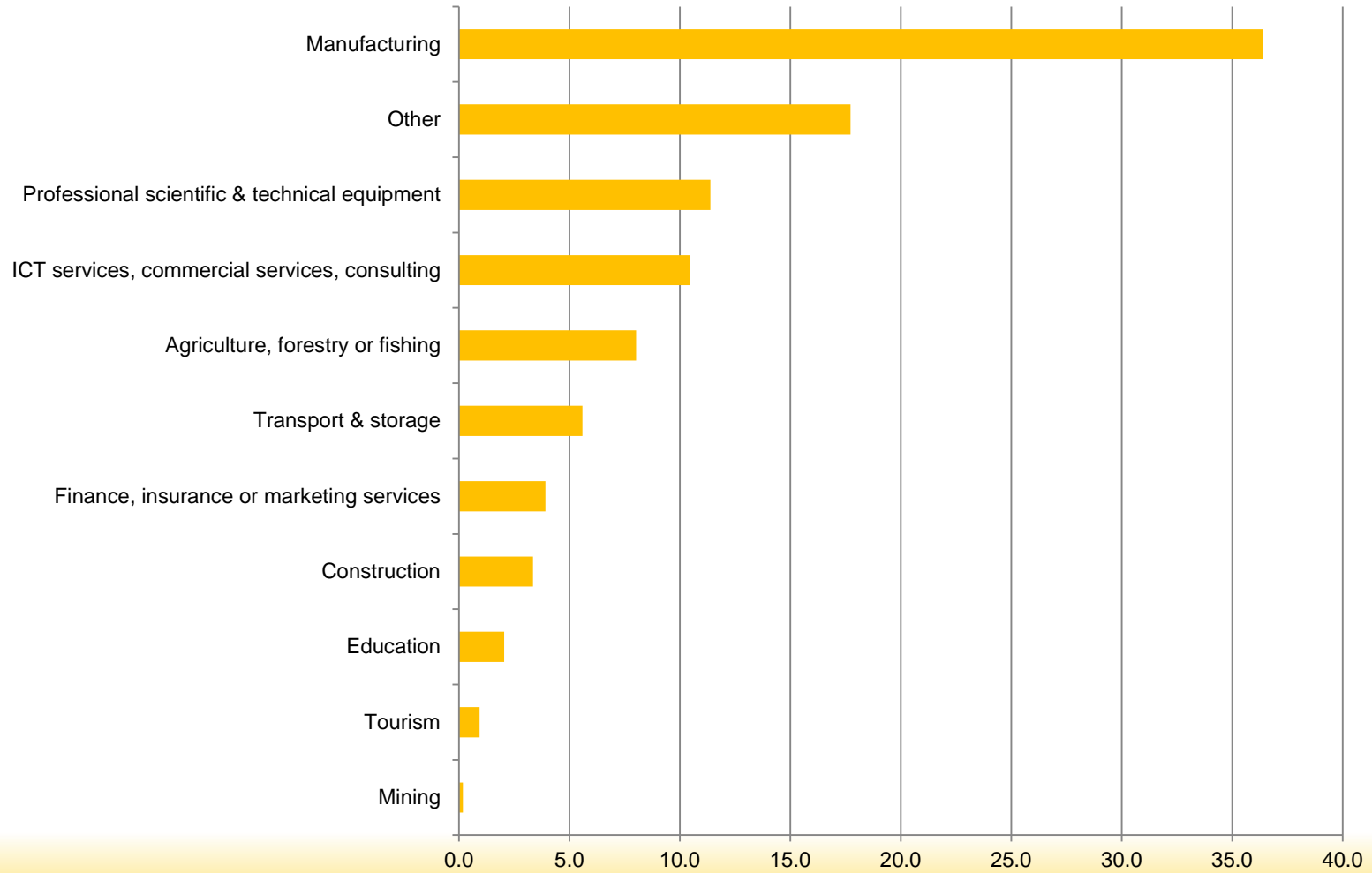
- 7 minute online questionnaire



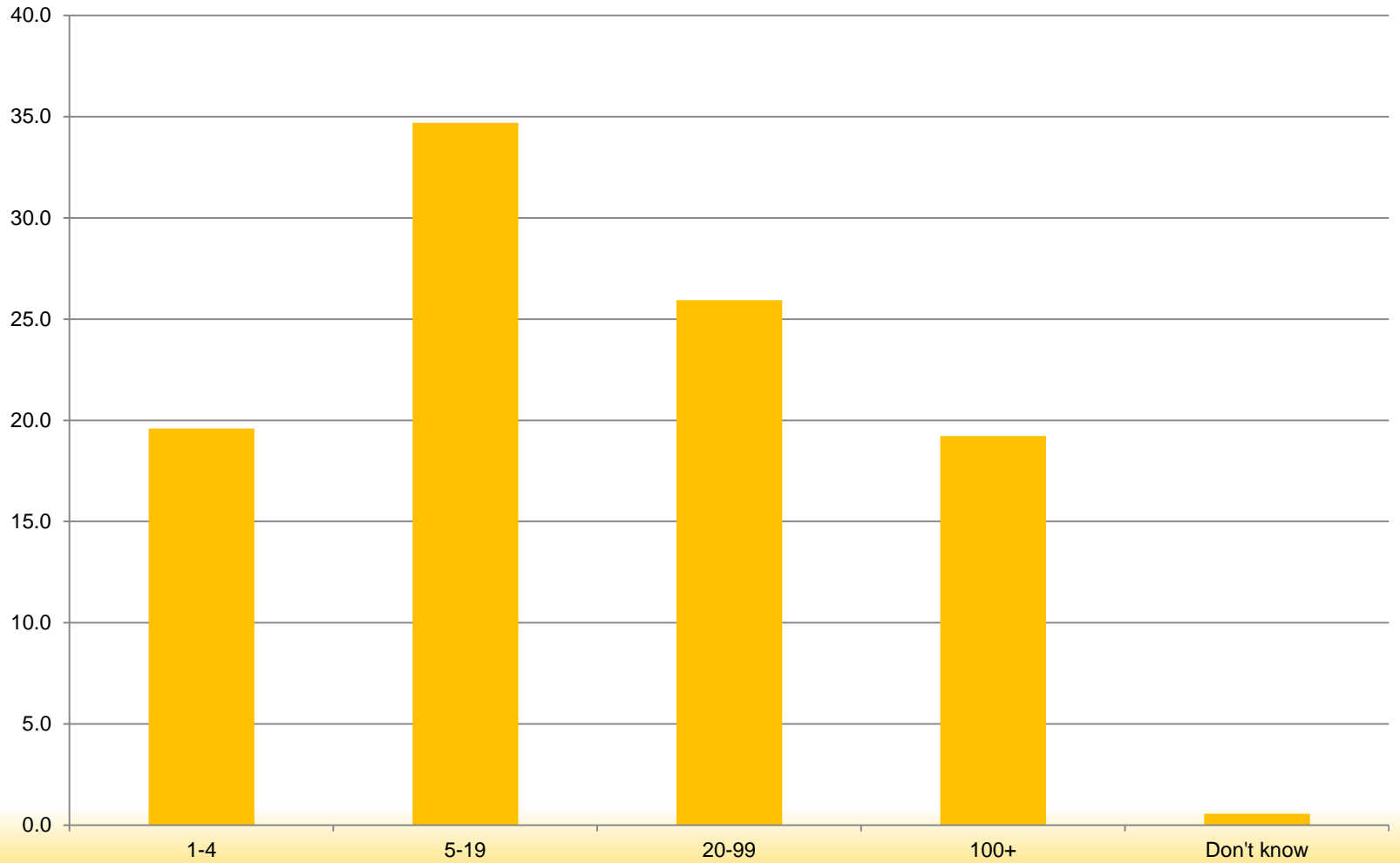
## When?

- Interviews were completed between 13 September – 10 October 2016

# RESPONDENTS BY INDUSTRY



# RESPONDENTS BY SIZE



# KEY FINDINGS



# KEY THEMES

## Exporter confidence positive

- Exporter optimism for 2016 is similar to the confidence we saw in 2015. 63% of exporters predict an increase in orders over the next 12 months, while 32% predict them to remain the same.
- In 2015, 65% predicted an increase in orders for the coming year, but in reality only 52% actually achieved an increase indicating exporters were overly optimistic.
- Export destinations have remained consistent, but China, ASEAN and Hong Kong have slipped back a bit since 2015.
- The top five destinations for New Zealand exporters overall are:
  - Australia,
  - North America
  - Europe
  - Pacific
  - UK
- Note that China slipped from 4<sup>th</sup> equal to 6<sup>th</sup> place, while the EU went from 4<sup>th</sup> to 3<sup>rd</sup>.
- When asked about their perceptions of markets that will be most important in two years' time, all major destinations dropped slightly.



# KEY THEMES

**With the NZ Dollar generally strengthening over the past 12 months, exchange rates remain a challenge.**

- **Exchange rates** continue to be exporters' greatest challenge to export sales (33%), followed by strength of **competition in overseas markets** (30%) and **finding partners or agents in new destinations** (28%).
- However, compared to earlier years, there were more neutral comments about the impact of the dollar (neither positive nor negative) and there were some pluses like the positive impact on the cost of raw materials. The most negativity about the dollar was around ability to compete and profitability.
- The volatility in the dollar does not seem to impact on employment numbers, output or future investment plans, which indicates that exporters are planning for/expecting the volatility and the focus then goes on trying to stay competitive and profitable.

## **Market entry costs and regulatory constraints also present barriers to exporters**

- Set up costs and funding to develop new markets were a challenge for 23% , understanding language and culture was a concern for 16% and regulatory constraints were identified as a problem for 15% .
- On a positive note, the most successful strategies to increase export orders in the last 12 months were nominated as **developing new products and services (17%)**, **entering new markets (11%)**, **enhancing online presence (10%)** and **allocating more resource to export activities (9%)**.

# KEY THEMES

## **Online is an important marketing channel and for some it is also an important sales channel; Social Media has played a lesser role**

- Survey results indicate that business is seeing the value of an enhanced presence online with this being the 4<sup>th</sup> ranked initiative to increase export orders in the last 12 months, but more are using it as a marketing tool than a direct sales channel. 60% of respondents were making 0-10% of sales online, while 25% were doing 50-100% of sales online. We do see online sales as being a growing trend.
- Use of social media as a way to generate sales was slightly up on 2014 with 20% using Facebook compared to 17% in 2014, but the vast majority (59%) were not using social media. Facebook (20%) was also used by most, followed by LinkedIn (7%). The use of Instagram was up (4.5% compared to 3% in 2014) and Twitter was essentially unchanged at 4%.

# KEY THEMES

## Asked what kind of assistance would help them export more, the top 4 things were

- Attending trade shows with other NZ companies
  - R & D assistance
  - More free trade agreements
  - More help from NZTE in overseas markets
- Overall, only 34% say they don't need any more help (either because they don't need help in the first place (23.5%) or they get enough help already (10.7%).
- The other challenges identified by exporters were a variety of tariff or non-tariff barriers, such as permits, regulations, testing regimes, market access requirements etc. This information will be passed onto Government Officials.