



EMBARGOED: 0500 TUESDAY, 18 JUNE 2013

Exporter confidence is up - innovation and online offset strong dollar

- **59% of exporters confident about next 12 months orders**
- **Currency number 1 challenge**
- **Australia and China biggest opportunity and threat**
- **Online the key to export future**

Auckland, 17 June 2013 - New Zealand exporter confidence is up despite the strong kiwi dollar, as exporters focus on factors they can control and deploy strategies ranging from importing to focusing on the online environment.

The ninth annual DHL Export Barometer survey found that 59% of New Zealand exporters are confident that export orders will increase in the next 12 months. This is an increase from last year where confidence was at an all-time low (51%) in the history of the survey.

To complement this, 54% of exporters also expect company profitability to increase in the next 12 months

“Given the on-going challenges exporters have faced it’s encouraging to see them finding ways to manage the strong kiwi dollar and look forward with confidence. And this forecast is off the back of a positive last 12 months with half (52%) of exporters claiming they saw an increase in export orders over the last year”, says Tim Baxter, Country Manager DHL Express New Zealand.

Challenges facing exporters

55% of exporters cite the exchange rate as having the most negative impact on exporters revenue.

The other key factors negatively impacting exporters include rising fuel prices (36%) and international competition (33%).

However the exchange rate has also meant the cost of raw materials is a less significant problem as some source these overseas. Twenty-two per cent (22%) of exporters claimed the cost of raw materials had a negative effect compared to 31% in 2012.

Key markets – Australia holds sway

The top export destination continues to be Australia with 81% of companies exporting across the Tasman in the last 12 months. This is an increase from 2012 whereby 72% of New Zealand companies exported to Australia.

The other top destinations are North America 50%, Europe 39%, Pacific 37% and the



UK 37%.

Exporters' confidence orders will increase from China has risen compared to last year (59%) with 73% of exporters expecting an increase in orders from China in the next 12 months.

Looking ahead even further, five years from now exporters anticipate the main export destinations will be Australia (72%), North America (42%), China (32%), the UK (28%) and Europe (25%).

"It's not surprising that Australia continues to be New Zealand's top export market. Our close proximity for shipping, same language, similar time zones, Free Trade Agreement and bigger market share make it a sound export destination," says Tim Baxter.

"It's also encouraging that exporters have China in their sights. With 1.3 billion people and a burgeoning consumer middle class there will only be one transition as big as China in our lifetime." says Tim Baxter

Coping with the dollar - Strategies and innovation

Exporters are using various strategies to manage the effects of the strong New Zealand dollar, including refining their offering (32%), considering repricing (31%), investigating different markets (26%) and competing online (23%).

There has also been an increase in the number of exporters that are importing. Seventy-seven per cent (77%) of exporters are also importing. This is an increase compared to 64% in 2012.

Almost all (90%) of exporters stated they have initiated innovative strategies to drive business in the last 12 months.

Exporters are innovating in a range of ways with the lead activities being improving process efficiencies (44%), enhancing their online presence (40%), and entering new markets (35%)

"The strong kiwi dollar has been the focus of much negative impact for exporters. However some are seeing the benefits when it comes to procuring products for re-exporting.

"Overall we're seeing exporters adopt strategies that focus on what they can control as opposed to being held to ransom by external factors that they can't control," says Tim Baxter.

The future is online

Ninety-two (92%) of exporters are currently using the internet in some way to sell their



product/service particularly those in larger, longer established businesses.

Exporters selling online tend to target customers in Australia. The majority of exporters (48%) target Australia followed by the Pacific Island (15%), the US (12%) and China (9%).

The primary benefit to exporters of having an online presence is to market to overseas customers (47%), offer better customer service (45%) and faster speed of delivery (34%).

Half (53%) of exporters with an online presence use analytics to understand customer's behaviour with little difference between business size and exporting tenure.

"The approach to online business in New Zealand is rapidly maturing compared to where we were even 12 months ago.

"Plus company size is no longer a barrier to exporting. In the past the cost of bricks and mortar retail models made international expansion a barrier for many smaller businesses as overseas retailers took a large cut of the profit. Now the online environment creates a massive opportunity to maximize local profits," says Tim Baxter.

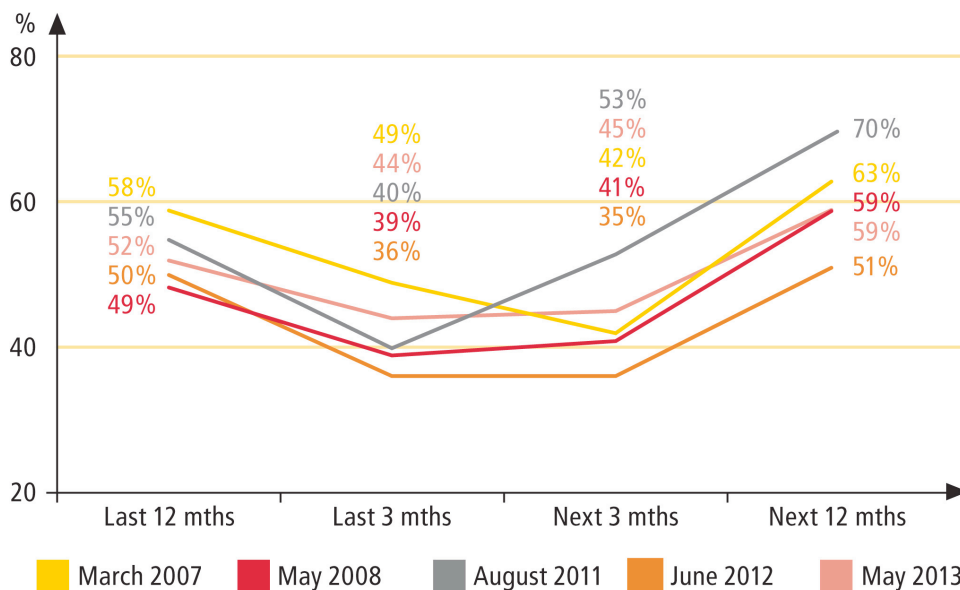
Most exporters (90%) use their own website to sell their product or services. In addition they use third party retail stores (30%) and third party websites (27%) and as their distribution channel.

"By taking advantage of the large well-established third party websites these sites can become conduits to purchasers at home and abroad and can increase the profile of a company in a global e-commerce environment. When coupled with a sustainable and reliable delivery solution, exporters can have access to any market in the world," says Tim Baxter.

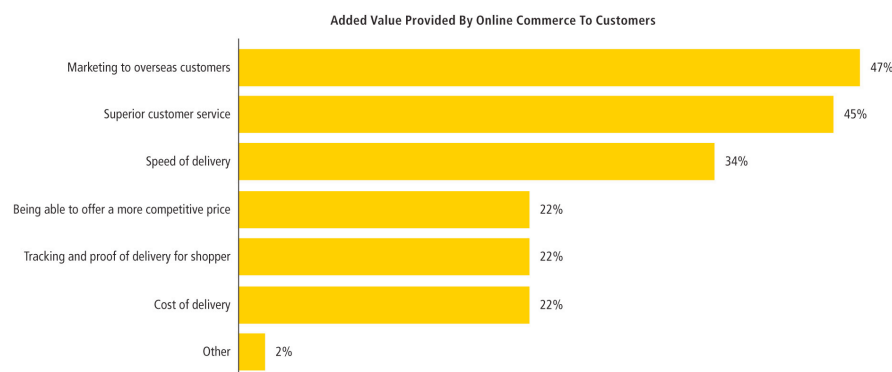
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CHANGE IN EXPORT ORDERS – % "INCREASE"



VALUE ONLINE COMMERCE ADDS



Notes to editors: Graphics available in high res

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About the DHL Export Barometer survey

Conducted by ACA Research and 277 New Zealand exporters were surveyed for the 2013 DHL Export Barometer.

The questionnaires were completed online and the research period was 23rd April-16th May 2013.

The DHL Export Barometer is an annual initiative aimed at analysing export confidence in New Zealand and identifying export trends. It is based on nationwide independent research, examining the business outlook of New Zealand exporters, highlighting changes in overseas market demand and providing insights into the factors impacting on New Zealand's export trade.

DHL – The Logistics company for the world

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DHL is part of Deutsche Post DHL. The Group generated revenue of more than 55 billion euros in 2012.