

“THE MOST SUCCESSFUL CHINESE BEVERAGE LAUNCH IN YEARS.”

Simon Israel, *Executive Vice President, Asia-Pacific, Groupe Danone*

When global food and beverage giant Groupe Danone spent close to NZ\$300 million buying New Zealand's Frucor beverages in early 2002, Frucor had the number one market share position in the Asia Pacific area for energy drinks. But it was still a relatively small market. Danone had bigger plans for the innovative New Zealand fruit juice and drinks company.

The 'sports and energy drinks' category is a highly competitive and fast-growing sector – the market has grown by 50% over the last 6 years, according to a recent Canadian report. In 2003, Danone launched Frucor's locally-developed sports water product Mizone into China. It took the market by storm. Mizone has become one of the biggest marketing success stories in China. In 2004, 270 million litres of Mizone (Maidong) were sold in China. This represents over US\$100 million in sales.

Danone's executive vice president for Asia-Pacific, Simon Israel, describes the launch as “the most successful Chinese beverage launch in years.”

Although Danone's headquarters are situated in France, the New Zealand purchase was part of a strong Asia Pacific growth strategy originating from regional HQ in Singapore. Frucor has 600 staff and was one of Danone's main investments for 2002. The Asia region provides 15.1% of total sales for the Danone Group.

Mr Israel was keen to use the Frucor purchase to increase regional sales. “Frucor, a key player in the New Zealand beverage market,

is well known for its capacity to innovate and is also the market leader in Australasia in the fast growing energy drink segment,” he said at the time.

For example, it was Frucor's fresh approach with its drink 'V' that first took the energy drink category from the nightclub/party market to the “pick me up in the afternoon” segment.

US business magazine *Forbes* named Frucor one of the world's top 20 small businesses, chosen from more than 20,000 candidates.

Danone's investment in Frucor is not the French company's only successful foray into the New Zealand market. The company bought a stake in New Zealand biscuit maker Griffin's in the early 1990s and now owns it outright. Griffin's is a successful 850-person manufacturer with NZ\$270 million annual sales. “Danone's positive history of investment in New Zealand is an excellent example of a major multinational corporation taking advantage of New Zealand's reputation in the food and beverage sector,” says Michelle Sullivan, Investment New Zealand's Investment Manager, Food and Beverage.

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