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Case Competition


# Case Study 3: Comvita

Friday 2 February



Case prepared by Joshua Paul under the supervision of Geoffrey Dharmadi. This case has been prepared solely for the Champions Trophy Case Competition. All data in this case has been obtained from publically available sources and Comvita. This case is not intended to serve as an endorsement, a source of primary data, or an illustration of effective or ineffective management.

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**Sent:** Monday 22 January 2024

**To:** Comvita Project Team

**CC:** Pollen Percy, Bea Sweetman, Polly Nator

**Subject:** Comvita Strategy Presentation

Kia ora team,

Comvita, a New Zealand company in the Health and Wellbeing Industry, has approached us. Comvita's core business is in the production and distribution of Mānuka Honey products. They specialise in harnessing the natural benefits of honey and other bee-derived products for overall well-being. Recently, Comvita began diversifying its product offering to address the broader Health and Wellbeing market by incorporating other natural products. Its products are sold in China, Hong Kong SAR, South Korea, Japan, and other Southeast Asian markets. It also sells products in New Zealand, Australia, the United States, Canada, the United Kingdom, Europe, and the Middle East.

To support Comvita in its next stage of organisational transformation, they have asked for strategic recommendations on how the company can become more resilient and ensure sustainable growth while maintaining its focus on sustainability. Despite Comvita's successes, a string of events have demonstrated the fragility of their growth to date. These include the COVID-19 pandemic, worsening economic conditions globally and structural shifts that have affected sales channels.

Areas you may wish to address in your presentation could include, but are not limited to, markets, product mix, customer acquisition and market penetration and Comvita's position within the value chain. You will have ten minutes to present your recommendations and a ten-minute question-and-answer session to clarify any issues. Our research team has compiled some relevant information, which I have attached to this email.

Regards,

**Barry Benson**

Comvita Project Lead

# Comvita Overview

Comvita is a renowned and innovative global health company specialising in harnessing honey's natural benefits and other bee-derived products for overall well-being. Founded in New Zealand in 1974 by Claude Stratford and Alan Bougen, Comvita has evolved into a leading brand committed to sustainable beekeeping practices and creating premium quality health and wellness products.

With a deep appreciation for the healing properties of nature, Comvita is dedicated to crafting a diverse range of natural health solutions, including Mānuka honey, propolis, and olive leaf extracts. The company's commitment to purity, quality, and environmental responsibility has earned it a strong reputation among health-conscious consumers worldwide. Comvita's products not only reflect a passion for holistic health but also contribute to the preservation of bee populations and the ecosystems they support. Comvita remains at the forefront of delivering nature's goodness in every product, whether promoting immune health or enhancing skincare.

# History

Inspired by their passion for beekeeping and the remarkable health benefits associated with bee products, Stratford and Bougen initially operated from a small farmhouse in the Bay of Plenty, where the founders began experimenting with different ways to harness the therapeutic properties of honey, propolis, and other bee-derived substances.

A key breakthrough for Comvita came with the discovery of the unique properties of Mānuka honey by Hamilton biochemist Dr Peter Molan in the 1980s. Molan found that this particular type of honey, sourced from the nectar of the Mānuka tree native to New Zealand (and some parts of Australia), exhibited exceptional antibacterial qualities, setting it apart from other honey varieties. Comvita played a pivotal role in researching and promoting the medicinal attributes of Mānuka honey, contributing significantly to its global recognition as a premium health product.

Over the years, Comvita expanded its operations and product range to become a leading player in the Mānuka honey market. The company focused on sustainable beekeeping practices and environmental responsibility, emphasising the importance of preserving bee populations for ecological balance. Comvita's commitment to quality and purity earned it a strong reputation both domestically and internationally.

As Comvita grew, it diversified its product offerings to include various grades of Mānuka honey and propolis-based supplements alongside olive leaf extracts and skincare products. The company's dedication to research and development ensured a continuous stream of innovative health solutions derived from nature.

Today, Comvita stands as a globally recognised brand known for its unwavering commitment to promoting holistic well-being through the power of natural ingredients, particularly those derived from bees. The company's journey from a small farmhouse in New Zealand to an influential player in the health industry reflects its enduring dedication to quality, innovation, and environmental sustainability.





## The Comvita Way

Comvita has carefully shaped a brand image to connect with health-conscious middle-aged women in the premium market segment. Comvita describes its target customer profile as “*well-educated, environmentally conscious women who believe in natural products and live in big cities worldwide. They are looking to maximise their life and energy by living in a healthy modern way, and they are seeking out authentic brands that reflect their values and priorities to help them achieve that.*” Through thoughtful marketing and product development, Comvita positions itself as a hub of holistic wellness, catering to the values important to its target demographic. The brand emphasises natural, organic ingredients and a commitment to sustainable practices. Comvita’s packaging reflects sophistication, reinforcing its premium standing, while its messaging underscores the transformative impact of its products on overall well-being. Comvita has built trust and reliability among its target audience by consistently delivering quality, science-backed supplements and skincare solutions. This intentional branding has allowed Comvita to establish a distinct presence in the health and wellness market, becoming a preferred choice for those seeking a balance of health, luxury, and authenticity.

## Products

Comvita’s product offering is categorised into multiple product ranges, including UMF Mānuka Honey, Multifloral Mānuka, Squeeze Bottles, Immune Bee™ Propolis, Olive Life Olive Leaf Extract, Comvita Kids, Multi-packs and Gifts & Accessories.

### Mānuka Honey

Mānuka honey is globally recognised for its exceptional antibacterial properties, attributed to the presence of methylglyoxal (MGO). Comvita provides various Mānuka honey grades, each indicating the potency of its beneficial compounds. Additionally, the company offers Mānuka blend (multifloral) honey, combining the distinctive Mānuka honey with other high-quality honey, creating a harmonious blend of flavours and benefits. Comvita also produces different honey varieties, such as Clover honey, Rewarewa honey, and Multifloral honey, each sourced from diverse floral nectars, contributing to a range of nuanced tastes and potential health-promoting characteristics. Committed to sustainable beekeeping practices, Comvita ensures that its honey products maintain the highest quality standards while respecting the environment and supporting bee populations.

### Propolis

Propolis, known for its antibacterial, antiviral, and antioxidant properties, is a resinous substance that bees collect from tree buds and is used to protect and strengthen their hives. Comvita’s propolis product offerings include tinctures, capsules, and throat sprays, providing convenient and effective ways to incorporate the benefits of propolis into daily health regimens. The company often highlights the purity and potency of its propolis extracts, ensuring that they are carefully sourced and processed to retain their natural goodness. Comvita’s propolis products are celebrated for their potential immune support, oral health benefits, and overall wellness contributions. By integrating the power of propolis into its product offerings, Comvita continues its tradition of delivering premium, natural solutions for those seeking to enhance their health through the bounties of the hive.

### MediHoney

Medihoney is specifically formulated for wound care and skin ailments. What sets Medihoney apart is its unique blend of medical-grade honey, predominantly sourced from the Mānuka flower in New Zealand. Mānuka honey is celebrated for its potent antibacterial and anti-

inflammatory properties, making it an ideal ingredient for supporting the healing process. Medihoney is often used to manage wounds, burns, and various skin conditions, providing a natural and effective alternative to traditional wound care products. The product has gained recognition for its ability to create a conducive environment for tissue repair and regeneration. It is a trusted choice for individuals seeking holistic and nature-derived solutions for their healthcare needs.

### Olive leaf extract

Comvita's olive leaf-incorporated products are designed to promote health and vitality. The company offers a range of olive leaf extracts and supplements, harnessing the natural power of oleuropein, a key compound found in olive leaves known for its potential immune-boosting properties. Comvita's olive leaf products may come in various forms, such as liquid extracts, capsules, or throat sprays, providing convenient options for incorporating the benefits of olive leaves into one's daily wellness routine. These products are crafted with a focus on quality and efficacy, aligning with Comvita's dedication to sourcing premium natural ingredients.

## Product development

Because Mānuka honey is harvested from the nectar of the leptospermum scoparium tree, there is a range of bioactive properties not found in other honey types. Since the recent discovery of Lepterdine – a naturally occurring compound found only in Mānuka honey – Comvita has sought to prove the efficacy of Comvita products for improved gut health. Conducting clinical trials will help Comvita understand how honey may help across a range of symptoms and diseases. Comvita's clinical trial programmes are focused on four key areas:

### Digestive Health

Comvita is testing a proprietary Lepterdine™ Mānuka honey treatment in a \$1.4M trial over two years in collaboration with HighValue Nutrition (HVN). Comvita has specific patents already granted to protect their discoveries.

### Heart & Metabolic Health

Comvita is part of an HVN \$4M programme looking at the health benefits of eating a nutritious diet.

### Skin Health

Comvita is investigating the benefits of Mānuka honey for eczema and other inflammatory skin conditions.

### Immunity

Comvita is examining how propolis products support enhanced immunity. Comvita has created a Scientific Advisory Board of world-leading gastroenterology, immunity and inflammation researchers.

## Market entry strategy

Comvita maintains a thorough approach when entering new markets. Leveraging its expertise in natural health products, Comvita focuses on understanding each target market's local consumer preferences, cultural nuances, and regulatory landscape. Prioritising research and analysis, the company conducts in-depth market studies to identify potential opportunities and challenges, often using domestic resources in new markets. Comvita emphasises building strong relationships with local distributors, retailers, and key stakeholders to ensure a seamless entry into the new market. Additionally, the company customises its product offerings to align with the specific needs and preferences of the local

population, showcasing a commitment to adaptability and cultural sensitivity.

Comvita's entry strategy often involves a combination of online and offline channels, with a keen focus on digital marketing to establish brand awareness. This comprehensive and localised approach allows Comvita to establish a solid foundation in new markets while fostering trust and resonance with diverse consumer bases. More information about Comvita's approach to international expansion can be found in the appendix (see *How Comvita went from two to 200 staff in China*).

## Strategic Partnerships and Acquisitions

Comvita maintains strategic partnerships with entities that serve a similar clientele. Partners range from renowned hotel chains and restaurants to beverages and fashion. The collaboration between Comvita and high-quality brands presents opportunities to generate awareness about Comvita products to new audiences while also generating new uses for Comvita products. In 2023, Comvita announced a partnership with Ole, a premium supermarket chain in China premised on a shared commitment to long-term ESG initiatives and outcomes. Another example is their ongoing partnership with Janice Wong, an actress and "foodie" based in Singapore. Janice





shows how Comvita Mānuka honey can be used as a key ingredient in her cooking, thus inspiring and encouraging consumers to think about new ways to use Comvita.

Additionally, Comvita has achieved growth through acquisition, most recently through a deal to purchase Singaporean distributor HoneyWorld. The move is expected to grow Comvita's share of the Mānuka Honey market in Singapore from 10-15% to around 50%. In FY23, Comvita expanded its premium natural health and wellness brand offering by introducing 11 new products, aligning with its long-term objective to enhance brand availability across a diversified customer and channel mix. Comvita successfully secured nearly 2,000 new points of distribution during this period, leading to notable double-digit growth in both natural and grocery sell-through rates. These achievements underscore Comvita's commitment to broadening its market presence and meeting the evolving demands of its customer base.

The rationale for Comvita's acquisition of HoneyWorld is primarily centred around HoneyWorld's function as an established sales channel with deep penetration of the Singaporean honey market. In effect, the acquisition of HoneyWorld was a move to acquire customers. Alongside investment decisions to artificially develop sales channels, Comvita has previously shown a willingness to invest in companies for access to new products that fit within their natural health and wellness offerings. In 2015, Comvita purchased a 13.1% stake in SeaDragon, a New Zealand fish oil producer. At the peak of their investment, Comvita owned a 20% stake in SeaDragon. Due to a strategic shift towards its core competency, Mānuka Honey, in 2020, Comvita sold off its stake in SeaDragon. Nonetheless, Comvita remains a company willing to grow through acquisition.

## Comvita Sales Channels

Comvita takes an omnichannel B2C approach to sales and currently sells its products online and through a major network of retailers, wholesalers, and distributors, depending on the market. In addition to the range of supermarkets and health stores that make up the brick-and-mortar sales channel, Comvita also operates its own experiential stores. In the 2023 Annual Report, Comvita advises that they aim to have 50% of their sales through e-commerce by 2025. Since 2019, they have grown the percentage of sales through e-commerce from 23% to 42%. Comvita's experiential stores allow customers to engage with their products at a deeper level. For example, at the multi-sensory store at the Auckland Airport, customers can "experience the perfume of the Mānuka tree at the store, where speakers play bees and natural sounds". At the store, customers can also engage in an immersive honey-tasting session accompanied by 3D spatial audio. Comvita is also building an affiliate marketing network through which individuals (influencers) are invited to promote Comvita products for compensation on a per-sale basis. Lastly, Comvita products are sold at traditional brick-and-mortar stores.

## Challenges

Comvita has faced various challenges over the last five years. In addition to the COVID-19 pandemic, Comvita's leadership has had to deal with worsening economic conditions, a natural disaster in New Zealand and structural changes such as the disruption of the Chinese Daigou market. In late 2023, Comvita downgraded its earnings guidance. Their statement read: "As has been widely reported, general consumer sales and sentiment in China and North America have been negatively impacted by broader concerns over the economy and, in the case of the US, the impact of inflation on discretionary expenditure. As a result, the total honey category and Mānuka as a subcategory have also been negatively impacted. This has meant that Comvita's revenue for the first four months of the financial year, including revenue from HoneyWorld™, is approximately 10% down on the corresponding four months last year."

Cyclone Gabrielle, which hit New Zealand in early 2023, was another event that disrupted Comvita significantly. In an update to investors, Comvita advised: "The level of destruction in the area can only be described as catastrophic, and we recognise that it will take some time to fully understand the extent of the impact for all those affected. We are currently





working on plans to support the wider Hawkes Bay community and will update as those plans are finalised. Our own facility has suffered extensive damage, and our working hypothesis is that the site will be written off in its entirety. Naturally, we have full insurance coverage in place and do not anticipate any material impact on our financial results. We are working closely with our insurers to get an assessment completed so that we can start the process of cleaning up our site. From an operational perspective, as previously advised, we have moved extraction to one of our other facilities. Apart from the significant disruption in Hawkes Bay, we do not expect any material impact on our daily operations.”

Lastly, the Daigou market - a crucial sales channel for Chinese consumers - faced significant disruptions due to travel restrictions in response to COVID-19. The Daigou market involves surrogate shoppers travelling internationally and purchasing goods on behalf of Chinese residents. Before COVID, Daigou shoppers were a significant channel for Comvita, and the Daigou market had become an important strategic focus. Given the strategic significance of the Chinese market for Comvita, the structural shift created by the disruption of the Daigou markets served as a significant challenge. The impact of the disruption on Comvita’s revenue demonstrates the importance of robust and durable sales channels.

## Sustainability focus

*“Our B Corp accreditation is a major milestone in Comvita’s journey towards becoming recognised as a world-class organisation. The criteria set by B Corp for larger, more complex, global companies such as Comvita are very high. It provides significant credibility for us as a global corporate entity and as a consumer brand. In fact, I believe that Aotearoa New Zealand-based entities that do not have a sustainability accreditation, such as B Corp, will find it increasingly difficult to gain access to discerning European and Asian markets.”*

– Brett Hewlett, Chairman

Comvita has distinguished itself through an unwavering commitment to sustainability that permeates every facet of its operations. Rooted in the core belief that the well-being of individuals is intricately linked to the health of the planet, Comvita has implemented a comprehensive sustainability strategy that extends from its supply chain to its packaging and community engagement

initiatives. Comvita’s dedication to environmental responsibility is evident in its sourcing practices, as it collaborates with local beekeepers to ensure the ethical and sustainable harvesting of honey and other bee-related products. The company minimises its ecological footprint and supports biodiversity by prioritising organic and eco-friendly farming methods. Moreover, Comvita takes a holistic approach to sustainability by investing in renewable energy sources, reducing water consumption, and continuously improving its waste management processes. Committed to transparency, the company openly communicates its sustainability goals and progress, fostering trust with consumers and stakeholders. Comvita’s dedication to sustainability is about minimising negative impacts and actively contributing to positive change. Through initiatives such as community education programs and partnerships with environmental organisations, Comvita strives to empower communities and promote environmental awareness. In essence, Comvita’s commitment to sustainability is not merely a corporate strategy but a genuine reflection of its ethos, embodying the interconnectedness of personal health and the health of the planet.





## Mānuka Honey Overview

Mānuka honey, renowned for its unique properties and health benefits, is a particular type of honey produced primarily in New Zealand and Australia. It is derived from the nectar of the Mānuka tree (*Leptospermum scoparium*), a native plant to these regions. What sets Mānuka honey apart from other varieties is its potent antibacterial and antimicrobial qualities, attributed to a compound called methylglyoxal (MGO). The higher the MGO content, the stronger the honey's therapeutic properties.

One of the key factors contributing to the popularity of Mānuka honey is its ability to promote wound healing and skin health. The honey's antibacterial properties make it effective in treating cuts, burns, and minor skin infections, and its benefits can be derived through ingestion and topical application. Many use it as a natural remedy for various skin conditions, including acne and eczema.

Moreover, Mānuka honey is recognised for its potential to support the immune system. Studies suggest its anti-inflammatory and antioxidant properties may help to improve overall health and well-being. Some people also use it to alleviate symptoms of sore throat and cough, as it is believed to have soothing effects on the respiratory system.

The Unique Mānuka Factor (UMF) is a grading system used to measure the potency of Mānuka honey. This system considers various factors, including MGO levels, to determine the honey's quality and efficacy. Consumers often seek a higher UMF rating when seeking the most potent and therapeutic Mānuka honey.

However, the demand for authentic Mānuka honey has led to concerns about fraudulent products in the market. To address this, regulatory bodies have implemented standards and certification processes to ensure the authenticity of Mānuka honey. Consumers are advised to check for these certifications, such as the Unique Mānuka Factor Honey Association (UMFHA) certification, when purchasing Mānuka honey to guarantee its quality and benefits.

Mānuka honey stands out not only for its distinctive flavour but also for its remarkable health-promoting properties. From wound healing to immune support, this natural sweetener continues to captivate consumers around the world, emphasising the importance of choosing authentic, high-quality products for optimal health benefits.

## Climate Risk and Honey Production

New Zealand's honey producers have faced a mounting challenge in recent years due to the increasing frequency and intensity of weather-related risks. Climate change has brought unpredictable weather patterns, including more frequent storms, prolonged droughts, and extreme temperature fluctuations. The vulnerability of honey production to severe weather events was highlighted during Cyclone Gabrielle in January 2023, which caused widespread disruption to beehives and hindered bees' foraging capabilities. The storm's impact and other climatic shifts have disrupted the delicate balance required for optimal plant



flowering and nectar availability. The changing climate has also introduced new challenges, such as altered precipitation patterns and increased susceptibility to extreme weather events, further complicating honey production for New Zealand's beekeepers. These heightened weather-related risks underscore the urgent need for the honey industry to adapt its practices and implement innovative strategies to navigate the evolving challenges posed by climate change.

## UMF Certification

The UMF (Unique Mānuka Factor) certification is a crucial quality standard for Mānuka honey, a unique honey produced primarily in New Zealand and Australia from the nectar of the Mānuka tree (*Leptospermum scoparium*). UMF certification is a third-party testing and grading system that ensures the authenticity and potency of Mānuka honey, which is renowned for its exceptional medicinal properties. The certification is granted by the UMF Honey Association, an organisation dedicated to maintaining the integrity of Mānuka honey and protecting consumers from counterfeit products. To earn the UMF certification, Mānuka honey must undergo rigorous testing for specific markers, including the presence of methylglyoxal (MGO), dihydroxyacetone (DHA), and leptosperin. These compounds are indicative of the honey's unique antibacterial and therapeutic qualities. The UMF rating on the product's label reflects the potency and purity of the Mānuka honey, with higher UMF ratings corresponding to increased levels of these bioactive compounds. Consumers seeking genuine Mānuka honey with proven health benefits often look for the UMF certification as a guarantee of quality and authenticity. The UMF certification ensures the purity and potency of Mānuka honey and serves as a valuable guide for individuals incorporating this remarkable honey into their health and wellness routines.

## Global Market for Honey

The global market for honey is currently valued at approximately US\$9 billion. Projections indicate that the sector is expected to expand to US\$15 billion by 2031, driven by a global shift towards natural health and wellness products, with a particular focus on honey as a natural sweetener. While the 67% forecast growth for the primary honey category is promising, Comvita recognises additional potential stemming from the unique properties of Mānuka honey, especially in medical and topical applications. The company is enthusiastic about ongoing clinical research poised to provide further support and open up additional avenues for growth. Globally, the Mānuka honey category has less than 1% household penetration. In Comvita's most successful market, they have achieved nearly 4% household penetration.

Mānuka honey has gained widespread global recognition due to its perceived health benefits, positioning it as a sought-after commodity. Over the last decade, extensive scientific research has contributed to its reputation as a superfood, driving increased consumer awareness and demand for its purported health advantages.

During the initial stages of the COVID-19 pandemic, there was a notable surge in demand for natural health-boosting products, further elevating the status of Mānuka honey. However, over the past two years, the landscape has evolved. New Zealand, a significant producer of Mānuka honey, is currently grappling with an oversupply issue, resulting in an excess of honey stockpiles and subsequent downward pressure on prices, particularly for Mānuka honey.

This oversupply predicament stems from a record-breaking honey production period in 2019-20, buoyed by favourable weather conditions and a sustained boom in honey-producing beehives spanning over a decade. Consequently, distributors have capitalised on the oversupply, negotiating bulk purchases at significantly discounted rates from beekeepers seeking to alleviate their excess stock burdens.

The consequences of oversaturation extend beyond pricing dynamics, impacting the industry's profitability. Profit margins have witnessed a discernible decline over the past five years, attributed to the intricate interplay of oversupply and market forces.

Complicating the scenario is the reduction in the number of beehives in New Zealand, which peaked in 2019 following a decade of robust growth. The lucrative market for Mānuka honey initially attracted new beekeepers and allowed existing operators to expand. However, the current oversupply and subsequent price fall prompted many beekeepers to scale back production or exit the industry altogether. This scaleback has been described as a positive for the sector by some experts who see it as a reversion to quality, both from a process and a product standpoint.

Adding to the complexity, Australia, where the Mānuka tree is indigenous, has emerged as a formidable contender in high-quality Mānuka honey production. This heightened competition intensifies the challenges faced by New Zealand Mānuka honey producers, necessitating strategic adjustments to navigate a shifting market landscape.

The journey of Mānuka honey, from a celebrated superfood to confronting market complexities, underscores the dynamic nature of the global honey industry and the multifaceted challenges faced by key industry participants.

# Mānuka Honey: The Competitive Landscape

## Mānuka Doctor

Mānuka Doctor offers a range of skincare, wellness, and food products infused with high-quality Mānuka honey. Their products are often promoted for their natural and therapeutic qualities, catering to consumers interested in holistic health and natural remedies. The brand has gained popularity for harnessing the goodness of Mānuka honey in various forms to promote well-being.

## Manukora

Manukora is a New Zealand-based company that specialises in providing high-quality Mānuka honey to consumers worldwide. Manukora's products undergo rigorous testing to ensure they meet stringent quality standards, and the brand is known for its transparency in showcasing the traceability of its honey from hive to jar. With a focus on sustainability and the environment, Manukora strives to maintain the natural integrity of the Mānuka honey it produces, making it a trusted choice for those seeking genuine and potent honey with distinctive therapeutic properties.

## New Zealand Honey

Committed to sustainable beekeeping, New Zealand Honey ensures its bees thrive in their natural habitat. The Mānuka honey produced by the company undergoes rigorous testing to guarantee its authenticity and potency, meeting or exceeding the industry's highest standards. As a result, New Zealand Honey has become synonymous with premium, pure, and ethically sourced honey, attracting health-conscious consumers worldwide who seek both the flavour and the myriad of health benefits associated with Mānuka honey.

## Sales Channels for Mānuka Honey

### Supermarkets and Grocery Stores

In larger retail spaces, Mānuka Honey may have a dedicated section within the health or international foods aisle. Packaging may focus on certifications, grading, and regional origins. Brands may participate in promotions or sampling events to attract a broader consumer base.

### Specialty – Health Food / Natural and Organic Retailers

These stores curate a range of products within the natural/organic/pesticide-free category, typically focusing on holistic well-being. Mānuka honey is prominently featured and marketed as a natural health supplement. Brands with specific certifications or high UMF (Unique Mānuka Factor) ratings may dominate these shelves. In-store promotions, collaborations with health experts, and educational materials may be used to emphasise the honey's wellness attributes.

### Specialty – Apothecaries

Apothecaries focusing on natural remedies integrate Mānuka honey into their product lineup. The honey's medicinal attributes align with the store's philosophy, and staff may provide personalised recommendations based on its therapeutic uses. Packaging may include information on specific active compounds found in Mānuka honey.

### Specialty – Gourmet

Gourmet stores showcase Mānuka honey as a premium, speciality food item. The packaging, labelling, and presentation emphasise its unique taste and luxury status. Brands may collaborate with chefs or provide gourmet recipes to highlight the honey's versatility in culinary applications. Emphasis is placed on sustainable beekeeping practices, and packaging often highlights certifications.

### Online Retailers

The online marketplace is a vast landscape for Mānuka honey sales, offering consumers access to various brands and UMF grades. Online retailers often provide detailed product descriptions, customer reviews, and educational content about the origins and quality standards of Mānuka honey. Brands may leverage online platforms to reach a global audience.

### Pharmacies and Drugstores

Pharmacies and drugstores stock Mānuka honey as a natural remedy option. The packaging often highlights its antibacterial and anti-inflammatory qualities. Some brands may collaborate with healthcare professionals or feature informative brochures to reinforce the connection between Mānuka honey and health.

### Farmers' Markets

Local beekeepers set up stalls to connect directly with consumers. They may offer tastings, share insights about beekeeping practices, and explain the unique features of their Mānuka honey. The emphasis is on building a personal connection and educating consumers about the honey's local and artisanal qualities.

### Direct Sales from Beekeepers

Beekeepers engaging in direct sales provide a unique, hands-on experience for consumers. They share stories about their beekeeping practices, offer honey tastings, and may provide educational materials about the local flora influencing the honey's flavour profile. This direct interaction creates a strong connection between the consumer and the beekeeper.



# Premium Raw UMF™ Manuka Honey



Comvita

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MANUKA HONEY SQUEEZE BOTTLES MORE -

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UMF Manuka Honey >



Multifloral Manuka Honey >



Kids Soothing Syrups >



Propolis Immune Support >

## The Gold Standard in Manuka Honey

As the pioneer and trusted global leader, Comvita is committed to bringing you the most premium Manuka Honey, with the highest certifications and transparency. With nearly 50 years of beekeeping craftsmanship and a world-class, in-house lab, Comvita's rigorous standards are unrivaled. All our Manuka Honey is MGO guaranteed, and our monofloral Manuka is UMF™ certified, ensuring every batch has been independently tested for purity and quality.

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# Appendix

## The Natural Health and Wellness Industry

As Comvita continues to grow, it has developed to become more than just a producer of Mānuka Honey. Its current position is better contextualised by the broader Natural Health and Wellness Industry.

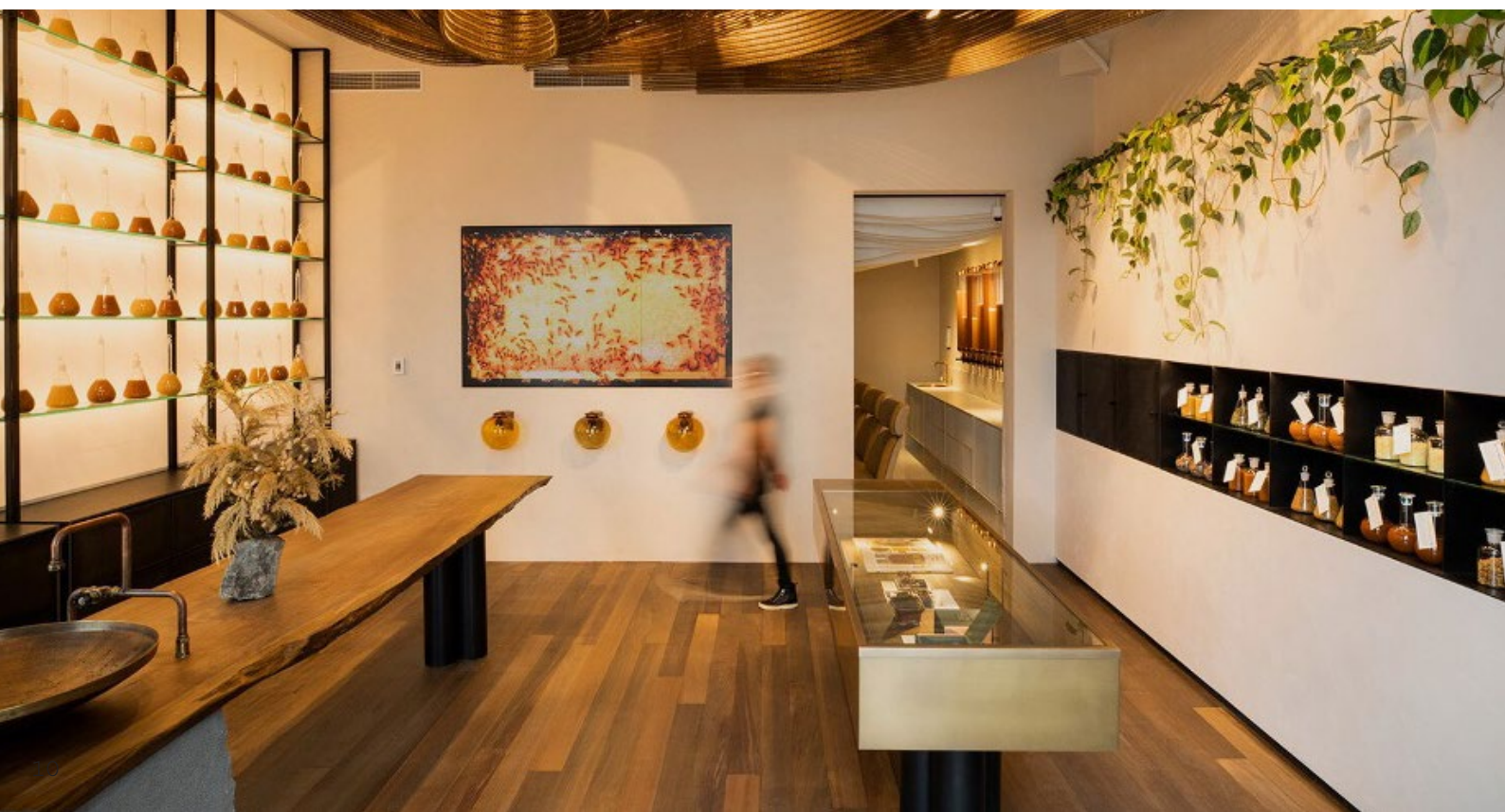
The global natural health and wellness industry is experiencing significant growth, driven by a shift in consumer preferences towards more holistic and sustainable lifestyles. Consumers increasingly opt for natural products that prioritise natural inputs over synthetic chemicals and processed foods. A notable trend in the market is the emphasis on clean labels, with consumers choosing products free from artificial additives, preservatives, and GMOs. The demand for organic and plant-based alternatives is also rising, fueled by environmental sustainability and animal welfare concerns. This conscientious approach to health and well-being is prompting companies to diversify their offerings to meet the evolving needs of health-conscious consumers.

The broader industry is projected to continue its expansion over the next decade as consumers prioritise preventive healthcare and seek products that promote long-term well-being. Factors such as a growing ageing population and a focus on self-care contribute to the positive trajectory of the market. The global pandemic further heightened awareness about the importance of a strong immune system, leading to increased demand for supplements, vitamins, and other natural health products to support immunity. The wellness industry is currently valued at \$5.6t (USD) and is forecasted to grow at approximately 7% per year over the next decade.

**Global Market for Bio-based Products in Cosmetics, by Distribution Channel (\$ Millions)**

Distribution Channel	2022 (\$ Millions)	CAGR% 2022-2027 (Forecast)
Supermarkets and hypermarkets	\$3,823.10	6.70%
Specialty Stores	\$1,750.40	7.30%
Online	\$1,515.40	8.20%
Others	\$394.00	5.40%
Total	\$7,482.90	7.10%

The above table provides information on the global market for bio-based cosmetic products. The growth rate provided for each channel can be taken as a proxy for consumer behaviour in the broader natural health and wellness market.





# Mānuka Honey Around the World

The research and insights included in this section are taken from a report produced by New Zealand Trade and Enterprise (NZTE) for the use of New Zealand producers of Mānuka Honey.

## United Kingdom

Supermarkets and pharmacies will be difficult to enter.

- All of the major supermarkets' online stores offer Mānuka honey, but the product is available more so online than in-store. Not many stocks above GBP 10 are in store as high-value items are a theft risk. The majority offer a private label plus one other brand. This is similar to the two big pharmacies – LloydsPharmacy and Boots. Hence, supermarkets may not range another Mānuka brand, as they limit their stock to 1-3 lower cost and lower grade Mānuka honey. In comparison, health stores and online stores offer more brands and more variety in terms of pricing and grade.
- Pricing strategy will be important depending on channel.

Amazon sales largely from top 10 products

- Amazon sold over 775K of Mānuka honey in October 2022, with at least 220 different products from 73 brands getting at least one sale. Although there are a large number of products, almost half (46%) of the sales are done by the top 10 products and two brands.
- Amazon is crowded, and there is not much product differentiation. It will be a challenging place to gain traction, and it will be hard to compete with the established brands on this platform
- To succeed, a strong point of difference based on what the consumers are seeking will be needed.

Taste, price, grade and health factors are important to the consumer.

- According to our survey respondents, health reasons were the main factor for using Mānuka honey. Similarly, after taste and price, the grade of the honey was ranked third in drivers for using Mānuka honey. This is indicated in honey being common in health food stores. It is positioned as a functional, health food product, and priced highly in line with this.
- The health benefits associated with the product are key in the branding and messaging in this market.

The market is reasonably mature.

- Mānuka honey growth looks to have slowed down. While exports doubled (105% growth) from 2019 to 2020, it only grew by 10% from 2020-2021. The growth in 2020 may be largely attributed to COVID-19, which saw an increase in demand for immune health supplements globally.
- The market is also reasonably crowded; there are 23 brands available across the 11 analysed stores, including major supermarkets and 73 brands listed on Amazon.
- The market is mature as a functional health product but perhaps not as mature as a household staple. Our market intelligence informs us that most consumers don't understand the benefits of Mānuka honey, therefore educating markets

is key in order to increase the total size of NZ Mānuka honeys export sales.

## Germany

Consumers recognise Mānuka honey for its health benefits.

- According to our survey respondents, their primary purpose for purchasing Mānuka honey is to treat coughs and sore throats. Purchasing Mānuka honey for digestive health was the second most popular purchase reason.

Mānuka honey is commonly an expensive product

- Over a third of Mānuka honey products from our store sample were priced over 20 USD/100g.
- Brands need to ensure consumers understand what value they are paying for to prevent shoppers from opting for the cheapest product. According to our survey, 33% of respondents consider price to be their top purchase driver, signalling that price holds some importance in the market.

There is a low presence of private labels.

- Most products across retailers in Germany come from branded labels. For example, there were no private label/own brand products in our sample of products in supermarkets.

The market is crowded and dominated by main players

- The German market is crowded; there were over 400 products available in the 14 stores analysed from 46 brands. Amazon featured 182 products from 77 brands. 5% of these brands account for 55% of Amazon's revenue, indicating brand dominance within the market.

## Japan

Major retailers stock a range of Mānuka honey products and brands.

- The market is dominated by five main brands. However, one brand has a significant proportion of market share at 34%. The second greatest brand share is only 7%.
- New entrants might struggle to gain brand recognition, as Japanese consumers clearly have preferred brands. Brands need to be strategic and innovative in how they position themselves to attract buyers.

Five brands take up 60% market share on Amazon.

- These products are across a range of price points. There is a direct relationship between grade and price, with high-grade products attracting a higher price point.
- NZ brands are easily accessed through Rakuten (E-commerce platform) in Japan. New NZ entrants to Japan should consider what else they can offer beyond their NZ provenance story to entice first-time buyers.
- To ensure high-grade products are still perceived to be desirable products, despite the extra expense, it is important that brands communicate the value of their grading well.

Rakuten features a large number of New Zealand products.

- 52% of survey respondents said treatment for coughs, sore

throat and antiviral was their primary use of Mānuka honey in Japan.

- 42% said their primary use is as a supplement to maintain health, and 39% said they use it for digestive health purposes.
- Targeting and communicating the health benefits of Mānuka will be important to get consumer uptake in this market.

Health reasons are the primary purpose for using Mānuka honey in Japan.

- 52% of survey respondents said treatment for coughs, sore throat and antiviral was their primary use of Mānuka honey in Japan.
- 42% said their primary use is as a supplement to maintain health, and 39% said they use it for digestive health purposes.
- Targeting and communicating the health benefits of Mānuka will be important to get consumer uptake in this market.

### United States

Supermarkets have the greatest number of brands and products.

- Sales from the top 10 products sold make up 51% of the category revenue on Amazon. Five brands account for 84% of revenue.
- Amazon US sold over 7.1M USD of Mānuka honey in October 2022, with 472 Mānuka honey products from 106 brands. Although there are a large number of products, more than half (51%) of the sales are from the top 10 products and five brands.
- The US Mānuka market is saturated in the online marketplace with a lot of brands that all look relatively similar to a consumer base that does not really understand how to differentiate the product from regular honey, never mind across different Mānuka varieties. It will be extra important to differentiate oneself from other brands if pursuing the online play.

Amazon US sales are largely from the top 10 products.

- According to our survey respondents, health reasons were the main factor for using Mānuka honey. 45% of survey respondents said they use Mānuka honey as a supplement to maintain health. Beyond functional uses, the most common taste used was in cold drinks.
- Taste is the most important feature of Mānuka honey for US consumers. Grade and product safety are also important features and should be communicated to the consumers.
- The health benefits associated with Mānuka are key in the branding and messaging in this market, but without making claims. In addition, make sure the grade is clearly labelled for consumers.

Grade and health factors are important to respondents.

- According to our survey respondents, health reasons were the main factor for using Mānuka honey. 45% of survey respondents said they use Mānuka honey as a supplement to maintain health. Beyond functional uses, the most common taste use was in cold drinks.
- Taste is the most important feature of Mānuka honey for US consumers. Grade and product safety are also important

features and should be communicated to the consumers.

- The health benefits associated with Mānuka are key in the branding and messaging in this market, but without making claims. In addition, make sure the grade is clearly labelled for consumers.

The market is still in growth but is crowded.

- The market seems to be still growing. Mānuka honey imports across Monofloral and Multifloral, bulk and retail grew from 31M USD in 2019 to 44M USD in 2020 to 60M in 2021.
- The market is also reasonably crowded; there are 201 products and 39 brands available across the 11 analysed stores, including major supermarkets and 106 brands listed on Amazon.
- The market is still in growth, but due to the number of players any new entrants will need to find their niche through awareness campaigns.

### China

A few brands dominate the market

- Five brands account for 92% of Taobao (E-commerce platform) sales of the top 130 SKUs.
- New players in the market will need to ensure their unique selling point is centred on key drivers which relate to the Chinese market.

Premium Supermarkets stock a low number of brands.

- The four supermarkets within our sample all stocked a low number of brands but a high number of products.
- Supermarkets are loyal to the brands they select and look more likely to expand their product range rather than brand range. This means that getting into premium supermarkets will be tough for producers.
- E-commerce platforms are the most popular distribution method for vitamins and supplements in China. With consumers mostly viewing Mānuka honey as a health supplement, this distribution method will be challenging but aligns well with the market, so long as entry is supported with strategic branding.

Stores offer a selection of grade levels.

- Our store sample showed that premium supermarket retailers are stocking Mānuka honey products at low, medium and high grades.
- With retailers providing a range of grade offerings, brands need to consider how their products measure up against products also at the same grade. Brands should look to leverage value-adding claims which align with the market. This will better ensure brands don't need to rely on being the cheapest product within their grade range to attract buyers.



Market levelled in growth in 2021

- After experiencing growth in 2020, exports into China remained at the same level in 2021.
- The market may prove challenging to enter due to stagnant demand for NZ Mānuka honey exports and an already high number of products available. There are also already dominant players within the market with availability across Taobao and in-store.
- Brands wishing to enter China will need to consider a long-term approach to building their brand presence in-market, typically in-market presence and resourcing is required to be successful in this dynamic and fast-changing market.

### Saudi Arabia

Stores stock limited brands and products and could be challenging to enter.

- With stores only stocking a select number of products and brands, it may be challenging for brands to enter retailers.
- Brands will need to ensure they are able to offer retailers something unique and desirable in order to access these channels. With supermarkets being a key retail channel for Saudi customers, careful consideration should be taken in trying to target this channel.
- Online channels have grown significantly for sales of vitamins and supplements.

Product safety is important to Saudi Arabian consumers.

- Saudi consumers recognised product safety as the most important trait of their honey. They recognised taste as the second most important feature, followed by grade.

- Brands need to reassure consumers of the safety of their product to best appeal to the market. The reputation of New Zealand as a safe food producer will also be an important factor. Ensuring the New Zealand Mānuka category as a whole is upholding high-quality standards will be important for the reputation and success of NZ products.

Both the functional and food properties of honey are desirable.

- In our survey, Saudi Arabian consumers indicated that they most frequently purchase honey for use in cooking and dressings. The second most popular use for Mānuka honey was as a support for digestive health.
- Claims on honey products should tie in closely to the most popular Mānuka honey uses within the market. In Saudi Arabia, brands are able to use claims relating both to health and food uses, with the market having significant interest in both properties.

The market has been in growth, with a spike in 2020 due to Covid.

- Mānuka honey imports across Monofloral and Multifloral, bulk and in retail, dropped in 2021 to 5.8M USD from 10.3 million in 2020. The boom in 2020 was likely due to the pandemic. However, overall the market is in growth as from 2019- 2021 imports still increased from 3.7M to 5.8M.
- Opportunities may be limited in Saudi Arabia, as the market is already well supplied by a number of brands, and import demand has fallen significantly.

## Global Market for Bio-based Products in Cosmetics, by Region, Through 2027 (\$ Millions)

Region	2021	2022	2026	2027	CAGR% 2022-2027
North America	\$1,730.20	\$1,802.10	\$2,347.60	\$2,580.00	7.40%
Asia-Pacific	\$2,379.00	\$2,496.10	\$3,348.20	\$3,706.80	8.20%
Europe	\$1,946.40	\$1,997.30	\$2,451.00	\$2,653.70	5.80%
Latin America	\$720.90	\$745.80	\$945.40	\$1,032.00	6.70%
Middle East and Africa	\$432.50	\$441.70	\$522.70	\$558.10	4.80%
Total	\$7,209.00	\$7,482.90	\$9,614.90	\$10,530.70	7.10%

# How Comvita went from two to 200 staff in China (Newsroom)

08/02/2022

In the late 1990s, a health-conscious Chinese businessman called Zhu Guangping was on holiday in Hong Kong and browsing through a pharmacy when he discovered a New Zealand bee product brand he liked.

Comvita was finding a growing clientele among Chinese tourists who bought their mānuka honey, propolis and other bee products in Hong Kong and later, as China's outgoing travel restrictions relaxed, in New Zealand.

They bought for themselves, for family and friends, even to sell when they got home – an early manifestation of what would become the multi-billion dollar 'daigou' personal shopper revolution.

And Zhu, already a Comvita aficionado, saw the potential for the company's products in his home country. He visited Comvita and its founders in the Bay of Plenty town of Paengaroa, and in 2004, he became the exclusive distributor of Comvita's natural health products in China, with a sales force of two.

Two decades later, Comvita has almost 200 people on the ground in China – the world's biggest honey market – plus another 74 in Hong Kong. The company's strategy has changed from a distributor model to a subsidiary model, with the New Zealand-based company having full control of its China strategy and building the Comvita brand.

Comvita is the number one brand of UMF mānuka honey in the Chinese market and is in the top five New Zealand employers in China.

The company's Mainland China revenue grew 27 per cent in the year to June 2021 to \$73 million; e-commerce revenue in China was up 41 per cent.

It's been an interesting ride in a market that has seen monumental shifts in purchasing power and shopping habits over the last 20 years, says Andy Chen, Comvita's Asia CEO.

And Chen knows a thing or two about the Chinese market. Born and educated in China, he cut his teeth around foreign brands, working as part of the Chinese growth strategy team for massive US retail corporation Walmart between 2001 and 2011.

At that time, Walmart employed 100,000 people in its China workforce.

But a holiday in New Zealand changed Chen's life. As he stood staring down at the lake in Queenstown, "I felt a calmness in my mind I hadn't felt since I'd graduated from university."

Chen made the big decision to change pace and domicile, moving to New Zealand and joining tap maker Methven in 2016 and Comvita in 2020.

Chen says his first – and perhaps most challenging – job at Comvita has been to find a world-class leadership team for the Asia division. He loves New Zealand, but it's not always easy to find other top international experts prepared to work for a 550-person company at the bottom of the world.

The next task is to lead a significant push of Comvita's health-related bee products into China and wider Asian markets.

In a strange way, Covid helped the Comvita cause, Chen says.

"Following the start of the pandemic, more consumers are willing to prioritise their personal spend on health-related products and services and want to ensure they choose the best brand. We have three product lines: mānuka honey that consumers use for gut health, propolis for immunity, and olive leaf extract for cardiovascular support. These three health needs – gut, heart and immunity – are fundamental for most consumers, so there's a massive potential out there."

At the same time, there's a big push towards safe, natural products, which plays into Comvita's founding principles around understanding and proving the healing properties of mānuka honey and other natural products.

"We have a philosophy of believing in nature and using natural ingredients, but we also have science behind our products to prove they are both functional and safe," Chen says.

"We just need to keep working harder to share the story that sits behind Comvita."

It's common knowledge that the China market is diverse and complex. It's also quite different from other markets.

An international survey of 14,000 shoppers in the food and beverage sector conducted by New Zealand Trade and Enterprise and released in December last year shows just how differently Chinese consumers view their food compared to people in other major markets for New Zealand goods.

While "affordable" and "tasty" are major factors for shoppers elsewhere, in China, they just creep onto the chart. Instead, "healthy" is of huge importance, followed by "safe" and "on trend".

Meanwhile, the Chinese consumers surveyed are also more likely to choose an ethical product than people in other parts of the world.

The dual motivators of being trendy and ethical are even more prevalent when it comes to the mānuka honey and supplements market, the NZTE research shows. In that category, 31 per cent of shoppers are swayed by "on-trend" products when it comes to their spending decisions, and ethical products attract 21 per cent.

Only 2 per cent are interested in taste, and 1 per cent in affordability.

This is a big change from the China of a decade ago, Chen says, and is particularly important for younger Chinese consumers.

"For Gen Z shoppers [people under 25 or so], the values and stories of a product or a company are important. They are looking for products that look and feel good and resonate with their own philosophy."

While the NZTE survey suggests a quarter of people buying mānuka honey are 60-74 years old, Andy Chen says a significant proportion of Comvita's Chinese customers are under 45.

New Zealand's honey export volumes reached \$425 million in the year to June 2020, according to MPI figures.

Mānuka honey accounted for 76 per cent of export volume and 88 per cent of export revenue.

Comvita's 50-year-old focus on "health and harmony with nature"

sets the company apart from many competitors, Chen says, as does its move towards “B Corp” social and environmental leadership certification and its commitment to being carbon neutral by 2025 and net carbon positive by 2030.

Still, Chinese consumers have a sophisticated palate when it comes to their honey – and a wide variety of home-grown regional speciality honey to choose from, he says.

“The concept of using honey has been rooted in Chinese culture for 3000-4000 years, and people believe in general, despite a few dilution scandals, that China has the best honey on offer.”

Meanwhile, over the last three years, the government in Beijing has been pushing hard to promote the safety of locally-made products, as well as making big strides to get its environmental house in order, including big reductions in pollution levels.

Comvita’s way to differentiate its products is to keep away from the table honey market – and avoid being seen as purely a honey company. Instead, it wants to promote its wares in the ‘functional food’ category – products that offer health benefits beyond their nutritional value.

“Chinese consumers are very attentive to their gut health – traditional Chinese medicine teaches that gut health is the source of the overall health of a person.”

The idea of good digestion and boosted immunity resonates well with Chinese consumers, Chen says, although the company has to be careful with its messaging – China has strict regulations around using health-related angles in advertisements for food products.

Covid has brought online shopping to the fore everywhere, and Chinese customers have embraced it as much as anyone.

It’s a market Chen and his team are critically aware of – Chinese consumers were more likely to buy mānuka honey online than any other Kiwi export food product, according to the 2021 NZTE research.

Forty per cent of the Chinese survey participants bought their honey online, and of that, 60 per cent was purchased through one of China’s large e-commerce platforms.

Comvita has been working hard on its online sales strategy, including major promotional pushes during the two biggest Chinese online shopping festivals, 11.11 (Singles Day) and 6.18 (June 18).

Last year, Comvita was the leading mānuka honey brand at 6.18 on both Tmall and JD.com. The company’s festival sales were up 31 per cent from the previous year.

“Comvita also made the Tmall Top 10 brands in the healthy food category and was the leading International brand in this prestigious list,” group CEO David Banfield said at the time. “This reflects the fact Comvita is being recognised more and more as a broader lifestyle brand.”

Banfield says Comvita aims to lift digital revenue across all markets from 34 per cent of the total to 38 per cent this year.

“Delivering a unique world-class digital experience will take about another 18 months,” he said in the 2021 annual report.

Keeping up with what Banfield calls “the most dynamic market in the world” is never going to be easy, Andy Chen says. But he’s optimistic his new Asia team can meet Comvita’s goals of double-digit top and bottom-line growth in China this year. That’s up on sales of \$73 million in 2021.

“Maybe they can do even better in the future,” Chen says. He is lining up new strategic partners to sell and distribute Comvita products in its four main markets – Beijing, Shanghai, Shenzhen and Guangzhou. “Watch this space,” he says.

Chen says major plantings of mānuka forest in New Zealand (the company has put in 10 million trees over the last few years) will secure supply for a potential big expansion in the Chinese market and promote the company’s environmental credentials to its newly eco-conscious consumers.

The potential is mind-blowing and a little overwhelming, he says.

## Comvita partners with celebrity brand promoter Caravan (Radio New Zealand)

06/09/2021

Mānuka honey exporter Comvita is teaming up with one of America’s most powerful sports and entertainment agencies to market a new line of products.

Comvita has announced a new partnership with the US brand development company Caravan, which is a joint venture with talent agency Creative Artists Agency (CAA), which represents celebrities and sports stars such as Nicole Kidman, Lady Gaga and Cristiano Ronaldo.

Caravan helps high-profile individuals build companies around their personal brands.

The new partnership would see the creation of a celebrity-backed lifestyle brand that promotes the healing properties of mānuka honey and propolis.

“Despite the progress we have made recently, the benefits of mānuka honey and propolis are relatively unknown in North America,” Comvita chief executive David Banfield said.

“Our partnership with Caravan will amplify the awareness and benefits of mānuka honey and propolis through the eyes of celebrities who turn to Comvita for solutions.”

Details surrounding the types of products that will be produced and when they will be released are commercially sensitive, Banfield said.

Comvita reported a strong return to profit in the year ended June.



# Market close: Comvita shares plunge after earnings downgrade (New Zealand Herald)

27/11/23

Comvita fell more than 11 per cent on an earnings downgrade, and the New Zealand sharemarket dropped a half per cent ahead of the Reserve Bank's latest monetary policy statement.

The S&P/NZX 50 Index declined 55.42 points or 0.49 per cent to 11,155.79, with a sharp fall in the last hour of trading after reaching an intraday high of 11,218.02.

There were 34 gainers and 96 decliners on the main board, with 20.59 million shares worth \$81.69 million changing hands.

David McConnochie, the investment adviser with Forsyth Barr, said the market was soft and waiting on the Reserve Bank news. "Some people are getting excited about interest rate cuts, but I suspect the bank will still be pretty dovish, and the rate will stay at present levels for longer."

The Wednesday monetary policy statement is expected to keep the Official Cash Rate on hold at 5.5 per cent as inflation continues to ease. The October Australia consumer price index will be released the same day, giving an indication of where inflation is at.

Natural health products supplier Comvita declined 34c or 11.49 per cent to \$2.62 after downgrading its earnings guidance because of slowing sales in China and the United States, particularly with mānuka honey.

Comvita told the market that revenue for the first four months of the 2024 financial year was down 10 per cent compared with the previous corresponding period, and operating earnings (EBITDA) were \$6m behind.

Comvita expected half-year revenue to be down 5 per cent and EBITDA to fall 20 per cent. For the full year, Comvita is forecasting revenue of \$245m-\$255m (last year \$234m) after an investment of \$33m-\$38m and is maintaining its 2025 EBITDA target of \$50m.

McConnochie said there is weaker consumer sentiment globally, and consumer stocks are under pressure to maintain earnings guidance. "Comvita's trading had improved in November, but perhaps its end-of-year goals are a little harder to achieve."

# The Mānuka Honey Process

The production of Mānuka honey involves several key steps, from hive management to final packaging. Here is a detailed overview of the Mānuka honey production process:

## 1. Beekeeping and Hive Management:

### Bee Species:

Mānuka honey is produced by European honeybees (*Apis mellifera*) that forage on the nectar of the Mānuka bush (*Leptospermum scoparium*). These bushes are native to New Zealand and Australia.

### Apiary Location:

The hives are strategically placed in areas abundant with Mānuka plants. New Zealand, in particular, is known for its pristine and remote landscapes, providing an ideal environment for Mānuka honey production.

## 2. Foraging and Nectar Collection:

### Mānuka Flowering Season:

Production begins during the Mānuka flowering season, typically in late spring to early summer. This is when the Mānuka bushes bloom and produce nectar.

### Foraging Bees:

Worker bees forage for nectar from Mānuka flowers. They collect nectar using their proboscis and store it in a special stomach compartment known as the honey sac.

## 3. Nectar Processing and Honeycomb Filling:

### Enzymatic Activity:

Enzymes in the bees' saliva start breaking down complex sugars in the nectar into simpler sugars.

### Honeycomb Filling:

Back at the hive, bees transfer the processed nectar to other worker bees, who further process and store it in honeycomb cells.

## 4. Honey Ripening and Comb Sealing:

### Water Evaporation:

Bees fan their wings to reduce the moisture content in the nectar, aiding in the honey-ripening process.

### Comb Sealing:

Once the honey is sufficiently ripened, bees cap the honeycomb cells with beeswax to seal the honey inside.

## Harvesting:

### Timing:

Beekeepers carefully monitor the hive and harvest honey when the honeycomb cells are capped, indicating that the honey is mature and ready for extraction.

### Smoking:

Beekeepers use smoke to calm the bees before harvesting to make the process safer for both the bees and beekeepers.

## 5. Extraction:

### Uncapping:

Beekeepers remove the beeswax caps from the honeycomb cells using a hot knife or a specialised uncapping machine.

### Extraction Equipment:

Honey extractors are used to spin the honey out of the comb, separating it from the beeswax.

## 6. Filtering and Settling:

### Removal of Impurities:

The extracted honey is often passed through a fine mesh or filter to remove debris, beeswax, and other impurities.

### Settling:

The honey is allowed to settle, allowing air bubbles and any remaining impurities to rise to the top.

## 7. Packaging and Testing:

### Quality Assurance:

Mānuka honey is known for its unique antibacterial properties, and its quality is often assessed by measuring the level of methylglyoxal (MGO). Some producers may conduct additional tests for pollen content and other factors.

### Packaging:

The final step involves packaging the honey in jars or other containers suitable for retail. Some Mānuka honey is sold with a Unique Mānuka Factor (UMF) rating, indicating its medicinal properties.

## 8. Distribution:

### Market Channels:

Mānuka honey is distributed through various channels, including local markets, health food stores, and online platforms. It is often marketed for its health benefits and unique flavour profile.

The production of Mānuka honey requires careful attention to detail at every step to ensure the preservation of its distinctive properties and high quality. The geographical and environmental factors, coupled with the unique properties of the Mānuka plant, contribute to the exclusivity and value of this sought-after honey.

## Comvita Profit & Loss Statement (\$000)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Operating Revenue	\$112,563.00	\$150,759.00	\$227,916.00	\$152,548.00	\$186,026.00	\$169,303.00	\$195,280.00	\$191,734.00	\$209,093.00	\$234,323.00
Other Revenue	\$6,680.00	\$8,285.00	\$8,892.00	\$23,587.00	\$(1,479.00)	\$8,386.00	\$2,850.00	\$5,441.00	\$1,759.00	\$12,049.00
Total Revenue Excluding Interest	\$119,243.00	\$159,044.00	\$236,808.00	\$176,135.00	\$184,547.00	\$177,689.00	\$198,130.00	\$197,175.00	\$210,852.00	\$246,372.00
Operating Expenses	\$(102,778.00)	\$(135,059.00)	\$(194,677.00)	\$(150,919.00)	\$(166,332.00)	\$(182,651.00)	\$(183,903.00)	\$(170,574.00)	\$(180,373.00)	\$(211,036.00)
EBITDA	\$16,465.00	\$23,985.00	\$42,131.00	\$25,216.00	\$18,215.00	\$4,962.00	\$14,227.00	\$26,601.00	\$30,479.00	\$35,336.00
Depreciation	\$(2,557.00)	\$(3,759.00)	\$(5,381.00)	\$(4,487.00)	\$(769.00)	\$(775.00)	\$(8,748.00)	\$(8,938.00)	\$(8,990.00)	\$(9,816.00)
Amortisation	\$(1,527.00)	\$(1,777.00)	\$(3,266.00)	\$(2,341.00)	\$(1,307.00)	\$(1,185.00)	\$(2,122.00)	\$(1,679.00)	\$(2,006.00)	\$(2,280.00)
Depreciation And Amortisation	\$(4,084.00)	\$(5,536.00)	\$(8,647.00)	\$(6,828.00)	\$(2,076.00)	\$(1,960.00)	\$(10,870.00)	\$(10,617.00)	\$(10,996.00)	\$(12,096.00)
EBIT	\$12,381.00	\$18,449.00	\$33,484.00	\$18,388.00	\$16,139.00	\$(6,922.00)	\$3,357.00	\$15,984.00	\$19,483.00	\$23,240.00
Interest Revenue	\$96.00	\$34.00	\$109.00	\$456.00	\$654.00	\$522.00	\$298.00	\$252.00	\$290.00	\$314.00
Interest Expense	\$(1,869.00)	\$(3,994.00)	\$(7,294.00)	\$(9,492.00)	\$(4,973.00)	\$(6,667.00)	\$(6,217.00)	\$(2,247.00)	\$(2,535.00)	\$(10,384.00)
Net Interest Expense	\$(1,773.00)	\$(3,960.00)	\$(7,185.00)	\$(9,036.00)	\$(4,319.00)	\$(6,145.00)	\$(5,919.00)	\$(1,995.00)	\$(2,245.00)	\$(10,070.00)
PreTax Profit	\$10,608.00	\$14,489.00	\$26,299.00	\$9,352.00	\$11,820.00	\$(13,067.00)	\$(2,562.00)	\$13,989.00	\$17,238.00	\$13,170.00
Tax Expense	\$(2,992.00)	\$(4,245.00)	\$(7,822.00)	\$470.00	\$(2,928.00)	\$3,408.00	\$557.00	\$(3,922.00)	\$(4,341.00)	\$(1,944.00)
Net Profit after Tax Before Abnormals	\$7,616.00	\$10,244.00	\$18,477.00	\$9,822.00	\$8,892.00	\$(9,659.00)	\$(2,005.00)	\$10,067.00	\$12,897.00	\$11,226.00
Abnormals	\$-	\$-	\$-	\$-	\$(681.00)	\$(18,058.00)	\$(7,696.00)	\$(588.00)	\$(113.00)	\$(164.00)
Abnormal Tax	\$-	\$-	\$-	\$-	\$(681.00)	\$(18,058.00)	\$(7,696.00)	\$(588.00)	\$(113.00)	\$(164.00)
Net Abnormals	\$-	\$-	\$-	\$-	\$(1,362.00)	\$(36,116.00)	\$(15,392.00)	\$(1,176.00)	\$(226.00)	\$(328.00)
Reported NPAT After Abnormals	\$7,795.00	\$10,542.00	\$18,620.00	\$9,822.00	\$8,211.00	\$(27,717.00)	\$(9,701.00)	\$9,479.00	\$12,784.00	\$11,062.00
Shares Outstanding at Period End	\$31,986.00	\$35,615.00	\$41,369.00	\$42,556.00	\$46,207.00	Not Available	Not Available	\$69,750.00	\$70,513.00	\$70,639.00
Weighted Average Number Of Shares	\$30,522.00	\$34,285.00	\$39,386.00	\$41,373.00	\$44,981.00	Not Available	Not Available	\$69,640.00	\$70,087.00	\$69,847.00
EPS Adjusted (cents/share)	\$24.40	\$29.60	\$45.00	\$23.10	\$19.20	\$(20.90)	\$(4.00)	\$14.40	\$18.30	\$15.90
EPS After Abnormals (cents/share)	\$24.40	\$29.60	\$45.00	\$23.10	\$17.80	\$(59.90)	\$(19.10)	\$13.60	\$18.10	\$15.70







CHAMPIONS TROPHY  
Case Competition



BUSINESS SCHOOL