

Aotearoa New Zealand's Seaweed Sector Framework

Pacific Harvest Case Study

ESTABLISHED COMPANY

Pacific Harvest
EST 2002



Company Profile



Markets

- » Health foods and ingredients



Products

- » Seaweed condiments (flakes and salts)
- » Raw seaweed snacks (dried)
- » Sea vegetables (dried leaves and stipes)
- » Seaweed powder (kelp and agar)



Seaweed species

- » *Palmaria palmata* (Atlantic dulse)
- » *Chondrus crispus* (Irish moss)
- » *Ecklonia radiata* (Brown kelp)
- » *Pyropia columbina* (Karengo or Nori)
- » *Chondracanthus chamissoi* (Sea chicory)
- » *Ulva latuca or spiralis* (Sea lettuce)
- » *Undaria pinnatifida* (Wakame)
- » *Himanthalia elongata* (Sea spaghetti)



Supply chain

- » Most seaweed is imported from Peru, Ireland, and France
- » Some beach cast and wild harvest seaweed is sourced domestically
- » Most products are sold in Australasia



Selling points

- » Nutrient rich health food
- » Sustainable and ethical harvesting
- » ANZ food code tested for contaminants
- » 100% recyclable packaging



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Pacific Harvest



Origin story

Back in 2002, a story about “a guy with a ute selling Karengo at pubs” was heard by Louise and Doug Fawcett, the original owners of Pacific Harvest. Louise was Canadian and had grown up eating seaweed and they had a vision to teach New Zealanders to do the same. Over the next 17 years, Louise and Doug built up a seaweed retail business via natural health food and food service channels. They marketed their products as sea vegetables to encourage people to eat them.

In late 2019, the business was bought by Hayley Fraser-Mackenzie and her husband John with a vision to take New Zealand seaweeds to the world. The couple were looking for a business that was good for people, good for the environment, and had export potential. Pacific Harvest seemed to tick all the boxes with nutritious products from sustainable sources and high provenance.

Hayley had a marketing background helping high growth food and beverage exporters while working at New Zealand Trade and Enterprise (NZTE). John had a finance focus, with an extensive background in the food industry. Of all the seaweed applications available, they decided early on to remain focused on food. They set about investing to position the business for scale.

Six months later, Hayley and John secured investment from Sanford Limited whose aquaculture experience complemented Pacific Harvest’s brand and distribution channels. A change in business priorities saw Sanford and Pacific Harvest exit their partnership amicably a year later.

Today, Pacific Harvest’s products are available in 480 health and grocery stores in Australia and approximately 100 in New Zealand. They have also grown their online and food service channels.



Growth aspirations

Pacific Harvest aims to be the premium source of functional seaweed food products and does not have plans to harvest or grow seaweed. The company mission is to “make it easy to eat a little seaweed every day”. Consumer education and experience with seaweed are central to this.

Overseas markets contribute 60% of revenue for the company, and Pacific Harvest expects future growth to be export-led. Overseas customers are discerning and tend to have eaten seaweed for its health benefits for some time. A unique selling

point (for seaweed sourced from NZ) is the image of New Zealand being surrounded by oceans free from harmful contaminants. The Fukushima nuclear disaster damaged Japan’s large seaweed industry and has resulted in many East Asian customers buying elsewhere.

Establishing a consistent supply of local seaweed will be crucial to taking advantage of the local provenance and reputation of New Zealand food and beverage products globally. Pacific Harvest is already partnering with local seaweed harvesters

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and wants to work with future seaweed farmers.

Research that proves the health benefits of different species is important for promoting the health benefits as well as unique flavour profiles of seaweeds used in products. The company aims to deepen relationships with New Zealand researchers towards this goal.

Partnerships are likely to be an important facilitator of future growth. Pacific Harvest has begun cooperating with complementary functional food product suppliers to grow markets and distribution. The company is also open to external investment from the right partner to achieve scale where there is a strong alignment of values and complementary strategic advantage.



Barriers to growth

Western food markets typically don't have a history of consuming seaweed or a good understanding of the health benefits. Improved awareness and attitudes are being led by health-conscious consumers, with fresh and dried seaweed now an established food product in parts of the United States and Europe.

Overseas buyers are interested in New Zealand seaweed, but it is difficult to obtain large quantities of affordable food grade seaweed locally. Reasons for this vary but include weather dependency for beach cast seaweed, licence and quantity restrictions for wild harvest, quality control needed for food, biosecurity constraints for Wakame, and a lack of farmed seaweed.

New Zealand has over 1,000 species growing in our waters but little is known about commercially

relevant properties, plus taonga protection uncertainties exist. This makes it difficult to match locally sourced seaweed food products to the health benefits that international buyers want.

Successfully exporting food products to new international markets requires significant investment of time and money. This includes learning market demand and navigating the many import and food safety regulations involved here and overseas. This, along with extensive marketing, is an expensive and risky undertaking for a small business that is paving the way for others to follow.

As an export-led business, Pacific Harvest has faced significant challenges over recent years from the COVID-19 pandemic. Rapidly increasing costs and international freight restrictions have put the business behind on growth plans, but they are proud to have grown during this difficult period.



Required sector responses

Pacific Harvest believe there needs to be urgent regulatory reforms to improve the supply of domestic seaweed. It believes seaweed should have its own regulatory framework outside of fisheries, with the flexibility to adopt species specific approaches. Priority species for Pacific Harvest include improving the supply of Karengo, Wakame, Kelps and Sea Lettuce.

More practical support is needed to establish local seaweed production. This includes guides for operating seaweed hatcheries and farms, along with understanding the economics to encourage investment. Harvesting and processing into required formats is another area. Direct financial support may be needed until innovation and scale allow the industry to flourish on its own.

More research is needed into the attributes of seaweed species growing in our waters, particularly for endemic species. This research should be targeted towards attributes that high

value, international markets are looking for. Pacific Harvest believe that learnings on cooperative approaches from other sectors should be applied early to seaweed to avoid past mistakes.

Pacific Harvest has benefited greatly from NZTE support and encourage other export orientated seaweed businesses to approach NZTE. The Ministry of Foreign Affairs and Trade also has an important role to play in brokering access for New Zealand seaweed species/products in international markets.

Inter-agency connection and overall leadership within Government will be required to align all the different areas and get the waka moving in the same direction.



About Sustainable Seas Challenge

Our vision is for Aotearoa New Zealand to have healthy marine ecosystems that provide value for all New Zealanders. We have 60+ research projects that bring together around 250 scientists, social scientists, economists, and experts in mātauranga Māori and policy from across Aotearoa New Zealand. We are one of 11 National Science Challenges, funded by Ministry of Business, Innovation & Employment.

For more information on this project, visit:

www.sustainableseaschallenge.co.nz/our-research/building-a-seaweed-economy

