

NZEC helps Canary take flight

The challenge: With export sales to the airlines and hospitality sectors, premium butter manufacturer Canary Foods was slammed by COVID-19. As new sales opportunities restarted, Canary Foods wanted to have the confidence that its buyers remained financially sound, and that its receivables were secured.

The solution: Trade credit insurance assesses the creditworthiness of your buyers and covers losses in the event of bad debts. When Canary Foods was unable to access trade credit insurance from the private sector, it turned to New Zealand Export Credit (NZEC) for support to keep trading in the face of uncertainty.

The benefit: With the support of NZEC, Canary Foods was able to rebuild sales on credit terms with partners across a range of markets. It also provided them with the confidence to innovate for new opportunities and growth. Canary Foods is now a finalist in the 2021 NZ International Business Awards “Innovation in response to COVID-19” category, and on the verge of unveiling a game-changing premium butter product.



COVID-19 killed many a dream run, and New Zealand premium butter company Canary Foods looked set to be no different.

The Waikato-based premium butter manufacturer had quietly built a formidable international standing with products ranging from butter medallions (served with warm bread rolls at the front of global airlines), to butter sheets (from which chefs could create croissants), to rosettes of flavoured butter (often seen melting across the surface of a perfectly-cooked steak in a high-end restaurant).

Since the business started in 2001, it had grown to serve 20 export markets and, by 2019, it was the number one supplier of premium butter portions in the Southern Hemisphere.

Sales manager Matt Mountfort says airlines made up 20% of its pre-COVID sales and the rest was heavily skewed to hospitality. These industries were some of the heaviest hit by COVID-19, and Canary’s staff, board and investors wondered if they might face a similar fate.

“We essentially lost 40% of our business overnight – but we are now on track to match our pre-COVID earnings.”

How did Canary Foods turn itself around after the devastation COVID-19 delivered to its main customers? Mountfort says NZ Export Credit (NZEC) was key to Canary’s decision to fight on - and that decision set the scene for the homegrown company’s focus on innovation.

“Where some partners have fallen away or chosen new directions in the face of COVID-19, we have been able to find new partners and grow together. The confidence of having NZEC’s backing enabled us to keep trading and be bold.”

For example, when a long-time distributor in Singapore chose to reduce focus on premium lines - including Canary Foods - in its portfolio, this left them on the hunt for a new partner.

“Changing distributors in the middle of COVID is no mean feat,” Mountfort says, “but we found a distributor in that key market with a clear food-service focus which is a perfect fit for us. NZ Export Credit’s due diligence and support gave us the confidence to forge ahead.”

When private trade credit insurers were unable to assist, Canary Foods sought trade credit insurance through NZEC. “Because Canary Foods sells into a sector that has been devastated by COVID-19 more than most, the private insurers had been reducing their exposure” explains Phil Quinn, Senior Business Originator at the Treasury’s NZ Export Credit.

“Think of us as a second set of eyes for the exporter,” Quinn says. “We assessed the creditworthiness of Canary’s buyers whose businesses had been impacted by lower sales, and who now were looking to recover as demand returned to the aviation and hospitality sectors”.

Trade credit insurance provided several benefits for Canary Foods. Firstly, it enabled them to secure future sales with buyers who were requiring credit terms. Secondly, NZEC’s due diligence on the financial strength of their buyers gave Canary Foods re-assurance that they’d selected their partners well. Finally, they were confident that this insurance will mitigate any losses in the event a payment default arises in the future.

NZEC is covering Canary Food’s growing exports to buyers in Indonesia, the UAE, Korea, Singapore, Thailand and Saudi Arabia. To date all of the sales covered by NZEC insurance have been completed without default, despite the fraught COVID-era international business environment.

On top of its financial recovery, Canary Foods has also been named a finalist in the 2021 New Zealand International Business Awards in a category celebrating Kiwi companies that have executed a successful COVID-19 pivot. The product for which it has been nominated is yet to be launched publicly, but Mountfort says it is believed to be a world-first and has the potential to be a game-changing innovation.

If you want to understand more about how our [short term trade credit insurance](#) may help an exporter mitigate payment risk, please get in touch:

Call us: 04 917 6060

Email: export.credit@treasury.govt.nz

Website: exportcredit.treasury.govt.nz



Phil Quinn
Senior Business Originator