

# Are You Ready for Export PROGRAM

Are You Ready for Export?  
Learning Log

## INSTRUCTIONS ON HOW TO USE YOUR LEARNING LOG

*This no ordinary manual! Ordinary workshop manuals have a limited life – they usually only live for as long as you are physically in the seminar. They are great for taking notes and reinforcing the points that you hear; but once you get back to work they are quickly and easily forgotten. This Learning Log is designed to be used not only in this workshop but also when you get back to work.*

### **In the workshop**

We have developed this Learning Log to compliment the things that you will learn about in this workshop.

There is a section for each presentation and the order of the sections is based upon the agenda.

So that it is a really useful part of the workshop, we have designed this Log to:

- Show you the critical slides from each presentation
- Remind you of the key messages from each presentation
- Help you listen actively, capturing questions and responses to deepen your understanding
- Include some of the tools and exercises that you will be doing during the workshop in one book

### **After the workshop**

- The Learning Log has a long life after the workshop – approximately 12 months in fact.
- The Learning log is a resource designed to compliment the BDC Export Plan Template that you develop electronically in the Workshop.



# Listening Sheet

Helps you listen actively, capturing questions and responses to deepen your understanding

*What I hear that excites me...*

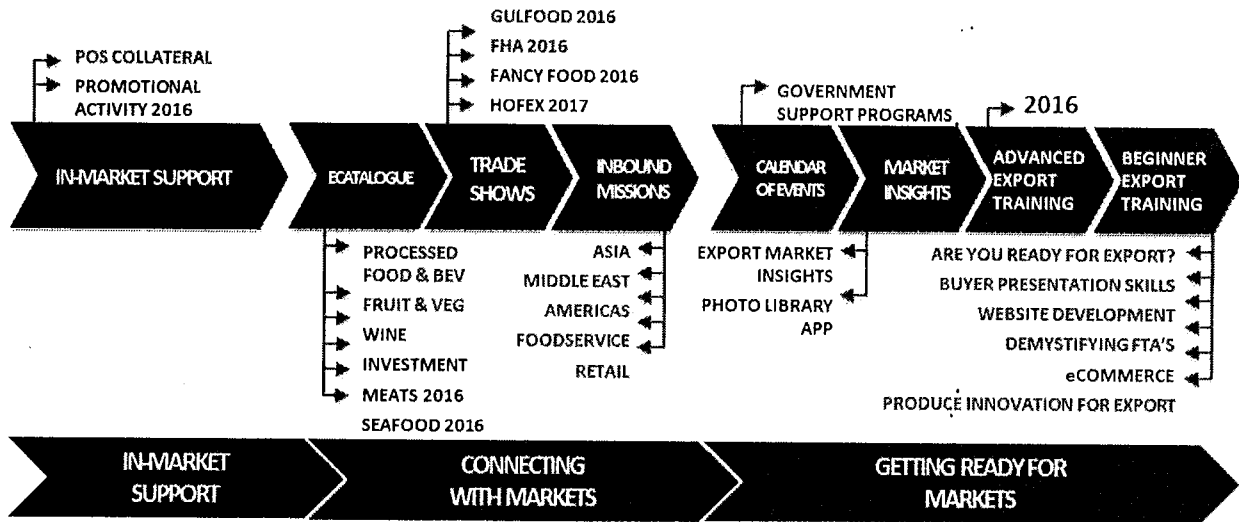
*What I want to know more about or understand better...*

*What I hear that concerns me...*

*Ideas or Actions...*

*Notes, Thoughts, Doodles*

# FIAL Export Development Program



## eCommerce Export

|  |  |  |
|--|--|--|
| <h3 style="text-align: center;">Winning Export Market Entry (201)</h3> <ol style="list-style-type: none"> <li>1. Building an Export Brand</li> <li>2. Your best Market Entry Model</li> <li>3. The Pitch - Successful Customer Engagement</li> <li>4. Promotion – Creating Consumer/ Shopper Demand</li> </ol> | <h3 style="text-align: center;">Winning Export Value (202)</h3> <ol style="list-style-type: none"> <li>1. Pricing</li> <li>2. Value Chain (IPPM®)</li> <li>3. Supply Chain/Logistics</li> </ol> <ul style="list-style-type: none"> <li>• Finance &amp; Cash flow Management</li> <li>• Trademark Management</li> </ul> | <h3 style="text-align: center;">Getting into Market</h3> <ul style="list-style-type: none"> <li>• Registration</li> <li>• Certification</li> <li>• Technical Trade Barriers</li> <li>• FTA Implications</li> </ul> |
|--|--|--|

**Are You Ready for Export? (101)**  
 Foundation knowledge to develop a sustainable, profitable food & beverage export business



Scope for Winning Export – Export 201



Scope for Winning Export – Export 202

## Table of Contents

|   |           |
|---|-----------|
| <b>1. Why Export?</b>   | <b>5</b>  |
| <b>2. Where to go? 1st, 2nd, 3rd,...</b>                          | <b>10</b> |
| <b>3. Who is your target consumer?</b>                            | <b>16</b> |
| <b>4. How do you plan to position your brand(s) and products?</b> | <b>20</b> |
| <b>5. Which channels &amp; customers will you target?</b>         | <b>27</b> |
| <b>6. Which market entry model is right for you?</b>              | <b>33</b> |
| <b>7. What does the value chain look like?</b>                    | <b>37</b> |

### Appendices

|   |           |
|---|-----------|
| <b>Compete or cooperate?</b>            | <b>42</b> |
| <b>What are your core competencies?</b> | <b>45</b> |
| a) Marketing                            |           |
| b) Logistics                            |           |
| c) Payment & Finance                    |           |
| d) Legal                                |           |
| e) Product Innovation                   |           |
| <b>Government Support</b>               | <b>51</b> |

## 1) Why Export?



1. What opportunity attracts you to internationalise your business?
2. How big and how fast do you want to grow your business internationally?
3. What help do you need to make this happen?

### Some of our Thoughts on Why Export?

- The world needs your food! 9.5b people by 2050
- Specific food demands (halal, organic, gluten-free)
- Counter seasonal opportunity
- Improved economies of scale in production
- Reduced risk exposure to a single market
- Australia has a strong reputation for quality safe food
- Australian Free Trade Agreements



# Austrade Food Enquiries



## Most received requests at Austrade Posts

- Milk Powder
- Cheddar / Cream Cheese
- UHT Milk
- Soybeans
- Fruit juices
- Organic, Gluten Free, Natural, Diet foods
- Baby foods
- Nuts & dried fruits, instant pasta
- Cereal bars
- Olive Oil
- Frozen pizza's & bases
- Goat Milk tablets,
- Almond milk

In the coming decades, population and personal income growth will increase global demand for food.

Over the period from 2007 to 2050, Asia's demand for food is expected to double, led by a rapidly expanding consumer class with greater ability and willingness to pay for high quality imported food and beverages

By 2030, the number of middle class consumers in Asia is forecast to increase six-fold, representing the global majority. Across the region, this growing – and increasingly wealthy, mobile and globally connected – consumer class demanding more goods and services, from health care and education to high quality food products

As discretionary income grows, Asian consumers will also seek out particular types of food:

- ✓ Safe, reliable products that come from trusted or 'clean and green' sources
- ✓ Convenience foods such as prepared meals and high quality, single-serve portions
- ✓ Retail ready snack foods and non-alc. drinks for an expanding & more affluent youth
- ✓ Functional foods with nutritional benefits
- ✓ Fresh and processed foods, supported by the increasing prevalence of supermarkets and convenience stores with refrigerated storage
- ✓ Food products that meet cultural or religious requirements
- ✓ Fresh fruit, premium confectionery and high-end beverages

Asia's increasing appetite for high quality, trusted brands from reliable sources is responded by Australia's global reputation:

- ✓ 'Clean and green' brand image
- ✓ Manufacture of safe, reliable products
- ✓ High quality fresh produce
- ✓ Skilled and productive workforce
- ✓ Innovative food products and technologies
- ✓ Geographical advantage and world-class export infrastructure, airfreight cost advantage c.f. US and EU 3x more per Kg from EU and US

Source: Food to Asia Action Plan, Victorian State Government, March 2014

# Create a plan on a page to challenge yourself

When setting your challenge think about:

**What does success look like?**

Defines the final outcome you are looking for and should relate directly to the business issues that you are seeking to address. The challenge is the gap between today and what you want the future to look like.

**So that we:**

**How will we measure it/ by when?**

Setting a stretching target is a major step in preparing our mind set for step change action!. If you want to make a difference, set yourself a big challenge.

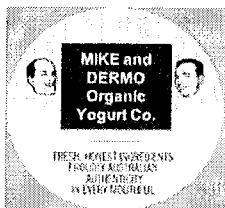
**By: (MEASURE)**

**By: (WHEN)**

**What will we have to do?**

What is the call to action? To increase value share? Increase awareness? What is the source of business? Where we will go in search of opportunities e.g. convert competitor consumers?

**We must:**



## Example - Plan on a Page Mike & Dermo's Organic Yogurt

|                      |   |
|----------------------|---|
| <b>So that we?</b>   | <b>Capture the mouths and hearts of Asian families and help them stay healthy, we must spread our wings beyond our home base and grow our business sustainably in Asia.</b> |
| <b>By measure...</b> | Exporting our organic yogurts and collecting 20% of our sales and profit from exports to Asia and be sold into 5 new countries.   |
| <b>By when...</b>    | 2020  |

**We must..** Find trade partners with like that minds that can deliver, sell and market our brand like their own.



# Create a plan on a page to challenge yourself

## What to Consider before Developing your Challenge...

**Importance** - Will the outcome have a significant impact on our business?

**Relevance** - Is it based on a relevant, local and actual business challenge facing the team?

**Realistic** - The challenge must be realistic with no obvious solution. If the solution is obvious or easy just get on with it!

**Measurable** - If we can't measure it how will we measure if we have succeeded?

**Unsolved** - Are there already initiatives in the organisation to meet the challenge: if there are do not try and re-invent the wheel, choose another challenge?

**Implementation** - There needs to be commitment in the market that it can be implemented following the workshop with available resources?

Once you have your challenge check it against the above questions:

|                              |                            |
|------------------------------|----------------------------|
| So that we....               | ↑ Product export to asia . |
| By...<br>(Measure)<br>(Date) | 2017 .                     |
| We must...                   | Build strategies etc . .   |

## Table of Contents

|   |    |
|---|----|
| 1. Why Export?  | 5  |
| 2. Where to go? 1st, 2nd, 3rd,...                             | 10 |
| 3. Who is your target consumer?                               | 16 |
| 4. How do you plan to position<br>your brand(s) and products? | 20 |
| 5. Which channels & customers<br>will you target?             | 27 |
| 6. Which market entry model is<br>right for you?              | 33 |
| 7. What does the value chain look<br>like?                    | 37 |

### Appendices

|                                  |    |
|----------------------------------|----|
| Compete or cooperate?            | 42 |
| What are your core competencies? | 45 |
| a) Marketing                     |    |
| b) Logistics                     |    |
| c) Payment & Finance             |    |
| d) Legal                         |    |
| e) Product Innovation            |    |
| Government Support               | 51 |

## 2) Where to go? 1<sup>st</sup>, 2<sup>nd</sup>, 3<sup>rd</sup> ...

### Mike & Dermo's - Market Opportunity Index<sup>©</sup>

Enquiries Japan Korea  
China Hong Kong  
India Singapore

| Factors  | Hong Kong | Singapore | Malaysia | Thailand | China  |
|--|-----------|-----------|----------|----------|--------|
| Market attractiveness<br>• Ex/Import Volumes<br>• \$/Kg Retail<br>• CAGR   | 10        | 10        | 7        | 4        | 4      |
| Sociodemographics<br>• PPP per capita<br>• Disposable income<br>• Food eX per capita   | 10        | 10        | 7        | 4        | 4      |
| Dispersion<br>• Retailer concentration<br>• Manufacturer concentration<br>• Private label penetration<br>• Top 5 brands market share | 0         | 4         | 10       | 10       | 10     |
| Innovation Intensity<br>• NPD p.a.<br>• % launches with proven claims<br>• Retailer Review rates                                     | 4         | 4         | 7        | 7        | 4      |
| Totals & Ranking for entry   | 24 (4)    | 28 (2)    | 31 (1)   | 25 (3)   | 22 (5) |

Price growth  
'who'  
Incomes  
"Dept of Trade"

Innovation intensity

'need to continue to innovate to stay viable ...'

(4) 711

## WHERE?: Country screening

# PESTEL

|                                      |   |
|--------------------------------------|---|
| <b>Political Factors</b>             | <b>Level of Government Intervention. stability, policies, tax laws, labour regulation, trade?</b>   |
| <b>Economic Factors</b>              | <b>Inflation rates, exchange rate, interest rates and disposable income that impacts present &amp; future wealth of consumers?</b>                          |
| <b>Social Factors</b>                | <b>Cultural influences and beliefs of the target audience, business culture and adaptability as well as demographics, education, likes, interests</b>       |
| <b>Technology Factors?</b>           | <b>Level of investment and allocation of resource towards research and development, production, distribution, new ways of communicating and interacting</b> |
| <b>Environmental Factors?</b>        | <b>Links to the rise in influence of environmental and socially responsible considerations among the masses, business and other stakeholders</b>            |
| <b>Legal? Regulatory environment</b> | <b>Focus is on product safety, consumer rights and laws, equal opportunities and health and safety.</b>   |



## WHERE?: Country screening

Use the country info to do a fast & furious ranking for Mike & Dermo's Organic Yogurt Asia Opportunity Canvas, where should they go based on a simple PESTEL? Rank in order of priority?

| PESTEL               | Hong Kong | Singapore | Malaysia | Thailand | China |
|----------------------|-----------|-----------|----------|----------|-------|
| Political (0,4,7,10) |           |           |          |          |       |
| Economic             |           |           |          |          |       |
| Sociodemographics    |           |           |          |          |       |
| Technology           |           |           |          |          |       |
| Environmental        |           |           |          |          |       |
| Legal                |           |           |          |          |       |
| Total<br>(out of 60) |           |           |          |          |       |
| Ranking<br>(1-5)     |           |           |          |          |       |

### Austrade & FIAL Links to Market Reports

Data sources you can go to access general market data to assist with building your own Market Opportunity Index<sup>®</sup>

[www.austrade.gov.au/export/export-markets/countries](http://www.austrade.gov.au/export/export-markets/countries)

[www.sciu.com.au/index.php?option=com\\_content&view=article&id=39&Itemid=143](http://www.sciu.com.au/index.php?option=com_content&view=article&id=39&Itemid=143)

<http://www.austrade.gov.au/digital-benchmark/growth.html>

#### Other sources to consider include:

- WorldBank.org
- EIU – Economist Intelligence Unit

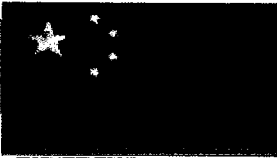


Australian Government  
 Australian Trade Commission



#### If you can afford to buy data:

Market Line (formerly Datamonitor), Euromonitor International, Nielsen, TNS.



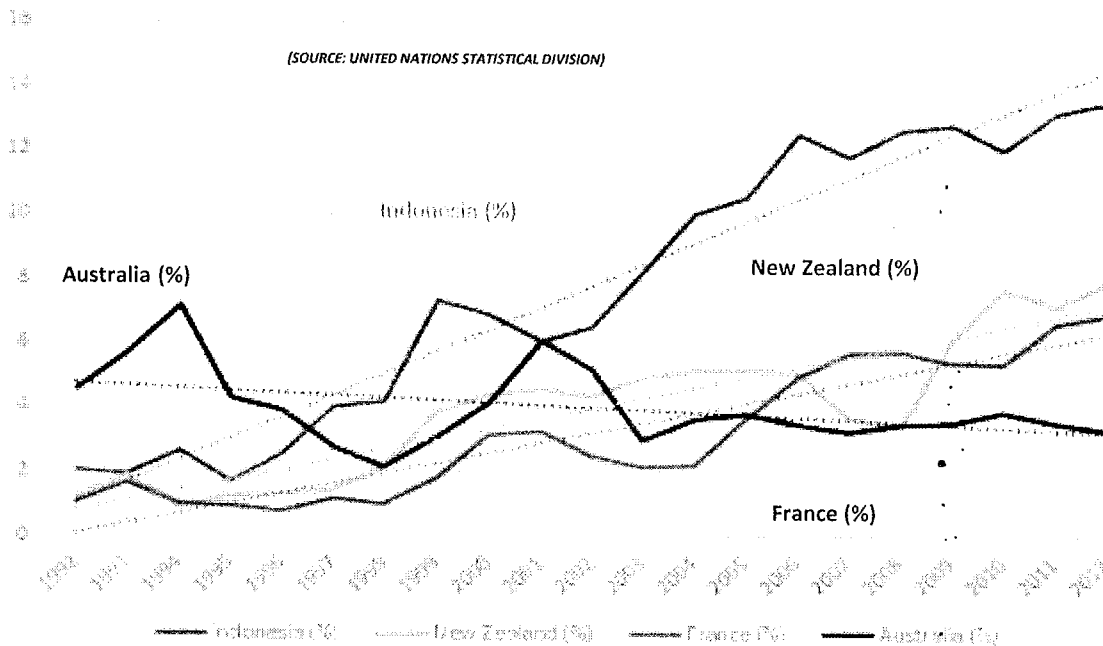
# China Example

- Hyper competitive – Local, Global, Regional
- Australian food products well received
- High quality defined-source ingredients (and verifiable health claims) important to consumers.
- Map your entry strategy
  - Route to market
  - Target cities
  - Channels & Customers



## MARKET SHARE OF CHINA'S TOTAL FOOD IMPORTS

(SOURCE: UNITED NATIONS STATISTICAL DIVISION)

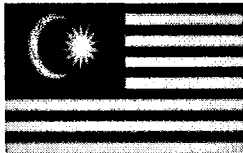


# Thailand Example

*Suppliers should test product, pricing, packaging etc.*



- Import growth fastest at premium end
- Opportunity for Australian premium product
- Supermarkets
- Convenience stores.
- Organic, healthy and functional foods growth
- Younger Thai consumers driving demand for innovation in food and packaging.

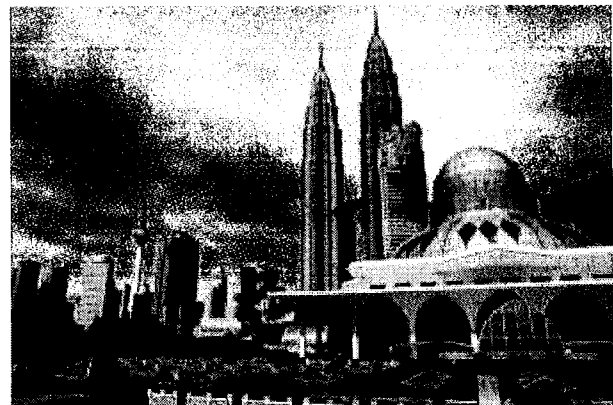


# Malaysia Example

Malaysia is a market with common characteristics to Australia.

- Commonwealth Heritage
- English language
- Large Middle Class
- Malaysia Australia Free Trade Agreement (MAFTA)

Population growth to 35 million people  
 "high income" nation by 2020



## Table of Contents

|   |    |
|---|----|
| 1. Why Export?  | 5  |
| 2. Where to go? 1st, 2nd, 3rd,...                             | 10 |
| 3. Who is your target consumer?                               | 16 |
| 4. How do you plan to position<br>your brand(s) and products? | 20 |
| 5. Which channels & customers<br>will you target?             | 27 |
| 6. Which market entry model is<br>right for you?              | 33 |
| 7. What does the value chain look<br>like?                    | 37 |

### Appendices

|                                  |    |
|----------------------------------|----|
| Compete or cooperate?            | 42 |
| What are your core competencies? | 45 |
| a) Marketing                     |    |
| b) Logistics                     |    |
| c) Payment & Finance             |    |
| d) Legal                         |    |
| e) Product Innovation            |    |
| Government Support               | 51 |



## 3) Who is your target consumer?



1. Who is your target consumer?
2. What are her/his lifestyle and behaviours?
3. How do you picture them?
4. Where are they shopping?
5. What are they buying?
6. Why are they buying?

• walk in shoes of consumers

### Understanding Karen Yee – Mike & Dermo's Target

| Opportunity cluster                 | Trigger questions  | Example  |
|-------------------------------------|--|--|
| Category involvement and behaviours | How much are they into this category?<br>How do they participate in it?                                  | Karen buys yogurt once every 2 weeks or so. She likes to get a big tub of plain yogurt for cooking her favourite Malay curries, and a few pots of Nestle Greek yogurt or a Litre of Dutch Lady Drinking Yogurt for her son – Martin. |
| Lifestyle behaviors                 | What do they do think and say that's relevant to our business and makes them distinct from others?       | Karen is a busy working Mum, married to a self employed Malaysian Chinese businessman Simon Yee. Karen has been reading a lot on blogs about how to eat more healthy foods for her family health.                                    |
| Attitude to life                    | Beyond their behaviours, what are their beliefs and attitudes to life that might impact on the category? | Karen is a little concerned by the rising pollution levels she is seeing in KL nowadays. Smoke clouds from Indonesia, more traffic, and occasional outbreaks on social media about food scares in China and close to home.           |
| Attitude to category                | What does the category mean to them – what role does it perform for them?                                | Karen sees yogurt as a natural healthy treat if its fruited she might give Martin some in his lunchbox or after school as a snack. Its better for him than fried snack foods or fizzy drinks.  |
| Usage triggers                      | What triggers them to think about and use this category?   | She first discovered yogurt after having Martin. She could not take too much dairy because of lactose but yogurt drinks were gentle on her tummy.  |
| Raw nerves                          | What things would a product do to make them feel let down.<br>What would really irritate them?           | Karen has been disappointed to see lately a lot of low fat claims on products that are full of sugar or low sugar claims that have artificial sweeteners. She is beginning to distrust big brand big marketing claims.               |
| Entry price                         | What are the givens they demand at minimum from this category?   | Karen only buys yogurt made from fresh milk. She prefers her dairy products from countries she trusts and it must be tamper proof packaging.   |
| Differentiators                     | How do they select within the category?  | Karen looks to brands she trusts or have been around a while. She is also conscious of value and price but does not mind spending a little more for the good health of her son Martin.   |
| Favored brands                      | Which brands do they tend to go for most?  | Karen has always trusted Nestle and Dutch Lady because they were around when she was a kid. More recently she has dabbled with imported brands like Yoplait and even Chobani Greek yogurt from Australia                             |
| Demographics                        | Their distinctive demographics compared to other consumer clusters                                       | Karen is Chinese Malaysian and was born, raised and educated in Malaysia. She loves Malaysian cuisine and her native Sichuan province – spice is life!   |

# Profile Tool You Can Use

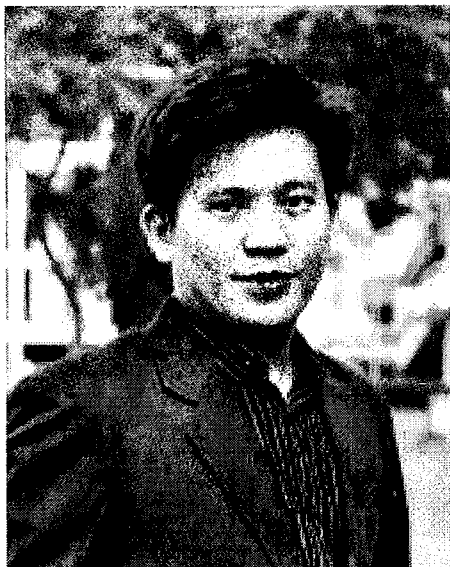
| Opportunity cluster                 | Trigger questions  | Example          |
|-------------------------------------|--|------------------|
| Category involvement and behaviours | How much are they into this category?<br>How do they participate in it?                                  | <i>ie Janet:</i> |
| Lifestyle behaviors                 | What do they do think and say that's relevant to our business and makes them distinct from others?       |                  |
| Attitude to life                    | Beyond their behaviours, what are their beliefs and attitudes to life that might impact on the category? |                  |
| Attitude to category                | What does the category mean to them – what role does it perform for them?                                |                  |
| Usage triggers                      | What triggers them to think about and use this category?   |                  |
| Raw nerves                          | What things would a product do to make them feel let down.<br>What would really irritate them?           |                  |
| Entry price                         | What are the givens they demand at minimum from this category?   |                  |
| Differentiators                     | How do they select within the category?  |                  |
| Favored brands                      | Which brands do they tend to go for most?  |                  |
| Demographics                        | Their distinctive demographics compared to other consumer clusters                                       |                  |

## China Example – Moving Targets

- China needs to produce & import more food in the future
- Rising aging middle class
- Increasing consumption quality imports with bona fide health claims
- Single-person households proliferating
- China's one child policy relaxation
- Surging demand for safe, healthy, organic for babies and children



## Thailand Example



### *Changing Consumer Tastes*

- Urban Thais continue to move away from a traditional diet to packaged and processed foods and beverages
- Organic food retail has increased by 10.5% Year on Year 2008 - 2012
- Healthy and functional foods witness tremendous growth:
  - Vitamins and dietary supplements 12%–15% year on year
  - “Naturally healthy foods” at 7%–15% year on year.

## Table of Contents

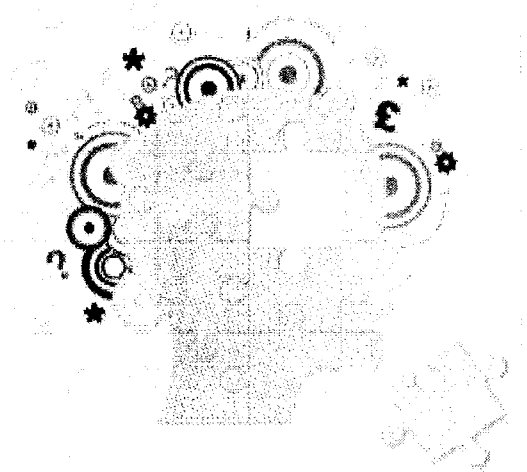
|   |    |
|---|----|
| 1. Why Export?  | 5  |
| 2. Where to go? 1st, 2nd, 3rd,...                             | 10 |
| 3. Who is your target consumer?                               | 16 |
| 4. How do you plan to position<br>your brand(s) and products? | 20 |
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| 6. Which market entry model is<br>right for you?              | 33 |
| 7. What does the value chain look<br>like?                    | 37 |

### Appendices

|                                  |    |
|----------------------------------|----|
| Compete or cooperate?            | 42 |
| What are your core competencies? | 45 |
| a) Marketing                     |    |
| b) Logistics                     |    |
| c) Payment & Finance             |    |
| d) Legal                         |    |
| e) Product Innovation            |    |
| Government Support               | 51 |

## 4) How do you plan to position your brand(s)?

1. What brand(s) & product(s) do you plan to take international?
2. What is your hero range?
3. Can you develop new products to suit local tastes and preferences?
4. What are your capabilities to develop new products for new markets?
5. What is your brand value proposition?
6. What differentiates you from other products?



## Do you have a Brand Positioning Statement?



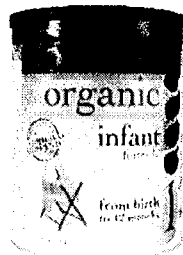
The Positioning Statement is a formal statement comprising of descriptors of how the Brand operates in its market:

- The target audience/consumer/client
- The market place or frame of reference
- The Brand's unique benefit
- The reason to believe

# The Brand Positioning Statement?

## Target Audience

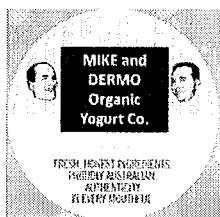
Defining the target market is not about demographics. It is about understanding the consumer's self image and need to persuade them towards choosing our brand



- I love my baby
- I want to be a good mum
- I want the best for my baby
- I will pay more for a brand I trust!
- Where does my baby milk come from?

## Market Place or Frame of Reference

- Frame of Reference is the pivot point in the positioning statement
- The consumer's understanding of the group of product with which you compete.
- Consider your direct and indirect competitor



**Our Brand**  
 Mike & Dermo Organic  
 Yogurt Co



**Direct Competitor**  
 Stonefield Farms  
 SAM Yogurt

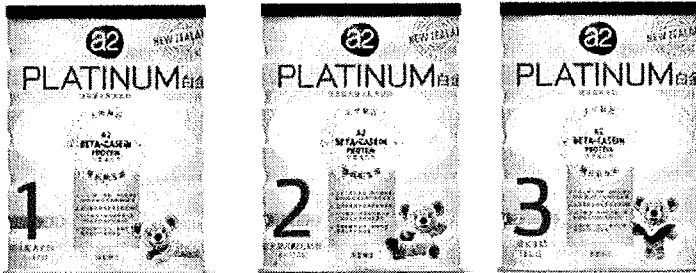


**Indirect Competitor**  
 Ice Cream, Local Snacks  
 Soup, Cereals

# The Brand Positioning Statement?

## Unique Benefit

- Ideally your brand will be identified with its defining benefit that it “owns” in the consumer’s mind.
- The “owned” benefit is the single reward which we want the customer to identify.
- Keep your message focussed to that “one” single reward



### FEATURES:

A2 Platinum contains only the A2 form of beta-casein protein, which is more comparable to the protein that mothers naturally produce

### FUNCTIONS:

The A2 form of beta-casein protein is gentle on the tummy and easy to digest

### BENEFITS:

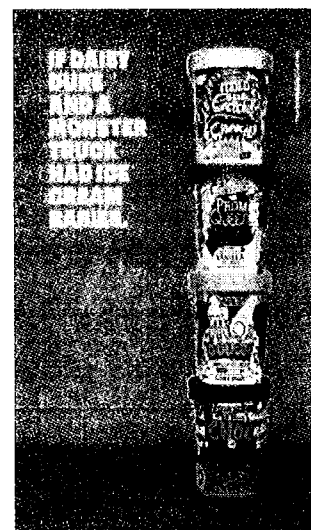
Baby and Toddler get the nutrition they need and Mum gets the reassurance that her child is getting the best possible start to life!

## Reason to Believe (RTB)

- RTB is the most convincing proof that the brand delivers what it promises
- The RTB need to be persuasive and owned by the brand

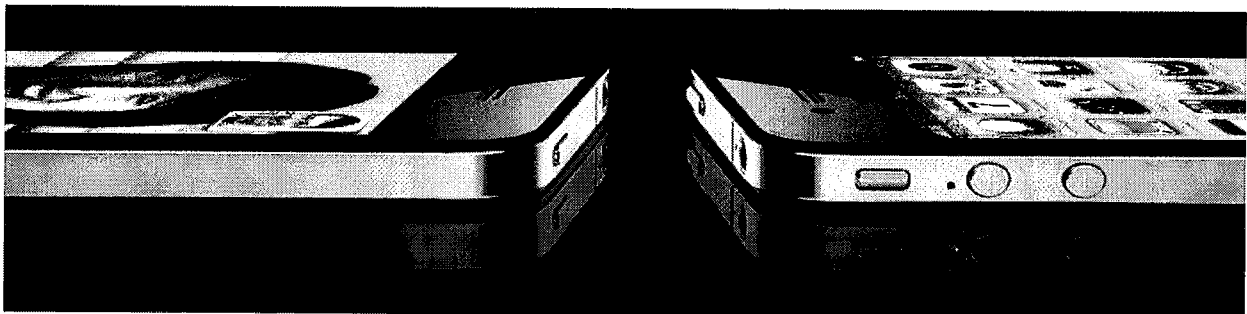


"We have a simple plan. We find out what people want. Then give them double. It's about providing a decadent ice cream experience and going all in."



## Positioning Definitions

|                    |   |
|--------------------|---|
| Target             | Describe the person who would most identify themselves with the need this brand satisfies.  |
| Frame Of Reference | Describe the group of products/brands against which your brand's point of difference will be leverageable to the target consumer.     |
| End Benefit        | What is the main functional, emotional or sensory reward the target consumer will experience as a result of this point of difference. |
| Reason to Believe  | What 1 or 2 elements that give permission to believe your brand can deliver the end benefit.  |



**For the *technology leader***  
**who needs *the latest and greatest mobile device,***  
**the iPhone 4 is the *most advanced mobile operating system ,***  
**because it has *video calling and highest resolution display ever built***  
***into a mobile phone.***



## Your Positioning Definition Template

|                    |   |
|--------------------|---|
| Target             | is for the mother with an active lifestyle who wants to provide healthy food for children. who has the belief that natural foods are healthier. |
| Frame Of Reference | The quest for the best, healthy food. who needs an authentic yogurt for home and on the go.   |
| End Benefit        | Strained yogurt is the velvety taste sensation that locks in goodness of Australian milk  |
| Reason to Believe  | because it is hand crafted & packed in Gippsland - Australia from 100% local organic milk using special technique that concentrates & smooths   |

## Category Opportunity – FIAL eCatalogue

Top 5 ranking categories on the eCatalogue

- Cereals
- Biscuits
- Condiments
- Health related
- Organic
- Dairy products of all types are in demand for all Asian markets



## Product Opportunity – Austrade inquiries

AFGC & Austrade have identified the following as having best opportunities in 3 export markets (CHINA, THAILAND, MALAYSIA).

These include:

- Chocolates
- Sugar Confectionery
- Cereal Bars
- Fruit Juice
- Tea
- Premium Cold Beverages
- Biscuits
- Baking Mixes
- Premium Table Sauces
- Jams



## Table of Contents

|  |    |
|--|----|
| 1. Why Export?   | 5  |
| 2. Where to go? 1st, 2nd, 3rd,...                          | 10 |
| 3. Who is your target consumer?                            | 16 |
| 4. How do you plan to position your brand(s) and products? | 20 |
| 5. Which channels & customers will you target?             | 27 |
| 6. Which market entry model is right for you?              | 33 |
| 7. What does the value chain look like?                    | 37 |

### Appendices

|                                  |    |
|----------------------------------|----|
| Compete or cooperate?            | 42 |
| What are your core competencies? | 45 |
| a) Marketing                     |    |
| b) Logistics                     |    |
| c) Payment & Finance             |    |
| d) Legal                         |    |
| e) Product Innovation            |    |
| Government Support               | 51 |

## 5) Channel & Customer

1. Which channel(s) will you target?
2. Who will be your lead channel partners?
3. How do you plan to engage with the customer and hear their voice?
4. What is your pitch for your products to capture buyer attention and interest?
5. Do you have an activation plan to drive shopper trial and repeat purchase?

### Buyer Insights from FIAL Asian Market Visit

Interest in Australian food & beverage products is high due to:

- ✓ Food quality
- ✓ Food safety
- ✓ Traceability
- ✓ Speed to market
- ✓ Diversify from European and USA products

There is a movement towards diversifying supply from different source countries:

- ✓ Vast majority of imports come from USA and EU
- ✓ Asian imports growing (particularly product made in Japan, Korea, Thailand and Malaysia)

Buyers are looking for products that have:

- ✓ A marketable story
- ✓ Unique attributes (USP)
- ✓ Price is not the main factor for high end supermarkets but still a consideration



# FIAL Buyer Insights

Buyers are seeking suppliers that:

- Are reliable suppliers of consistently high quality product
- Take a long term view of their markets
- Prepared to support promotional activity
- Do not have minimum order quantities initially as they grow the brand



Supermarket retailers are increasingly looking to import product directly where possible:

- Wanting to cut out middle man to improve margins and/or improve price on shelf
- Wanting to have relationships with the supplier themselves to grow new brands

Country support is important:

- Country promotions have a definite impact on sales
- Australian Food & Beverage week/month/promos



Australian food brands, particularly in North Asia, are not well known:

- Market understands Australian beef, dairy, seafood, fresh produce but does not know Australia is good source of processed food & beverage.
- State Agencies promote in-market
- Consumers know Australia, not individual States.
- Impact less effective and message to market can confuse consumers

## Voice & Choice of Customer Tool – Mike & Dermo's Yogurt

| Channel - Retail        | Customer choice/rank | Voice of Customer – Example Qs?  |
|-------------------------|----------------------|--|
| Hypermarket             | 2                    | What is your % import/local sales?<br>What are your trading terms?<br>How do you distribute to stores? |
| Supermarket             | 1                    | What is average rate of sale per unit? What trends are you seeing emerging in the category?            |
| Convenience Store       | 4                    | How often do you review range? What formats are popular in convenience stores? Pouch?                  |
| eCommerce               | 3                    | Who looks after supply chain?<br>How fast are you growing? How does the business model work?           |
| Traditional – Mom & Pop | 5                    | Who is your wholesaler? Do you sell any yogurt? What brands? How much per day/week/month?              |

| Channel - Foodservice   | Customer choice / rank | Voice of Customer – Qs?   |
|-------------------------|------------------------|---|
| Hotels                  | 1                      | What do you serve with breakfast? What cup size is best? Do you buy bulk or pots? What prices? Who supplies you with yogurt?                  |
| Restaurants             | 5                      | What styles of yogurt does chef use? Do you use plain or fruited? What dishes use yogurt? What type of Yogurt? Who is a good supplier to you? |
| Cafes                   | 4                      | What innovative snack formats work? Have you tried plain yogurt with nuts and snacks on top?  |
| Quick Serve Restaurants | 2                      | How is your brand positioned? Do you have healthier dessert options? Would you consider yogurt?   |
| Food courts             | 6                      | How does delivery work in your case? Which distributors do you buy from? Why?   |
| Wholesale               | 3                      | Where are you currently selling? What is your stock turnover like on fresh dairy?   |

## Voice & Choice of Customer Tool – Your Channel Choice

| Channel - Retail        | Customer choice/rank | Voice of Customer – Example Qs?  |
|-------------------------|----------------------|--|
| Hypermarket             |                      | What is your % import/local sales?<br>What are your trading terms?<br>How do you distribute to stores? |
| Supermarket             |                      | What is average rate of sale per unit? What trends are you seeing emerging in the category?            |
| Convenience Store       |                      | How often do you review range? What formats are popular in convenience stores?                         |
| eCommerce               |                      | Who looks after supply chain?<br>How fast are you growing? How does the business model work?           |
| Traditional – Mom & Pop |                      | Who is your wholesaler? Do you sell any yogurt? What brands? How much per day/week/month?              |

| Channel - Foodservice   | Customer choice / rank | Voice of Customer – Qs?  |
|-------------------------|------------------------|--|
| Hotels                  |                        | What do you serve with breakfast? What cup size is best? Do you buy bulk or pots? What prices?   |
| Restaurants             |                        | What styles of product does chef use? Who is a good supplier to you?                             |
| Cafes                   |                        | What innovative snack formats work?  |
| Quick Serve Restaurants |                        | How is your brand positioned? Do you have healthier options? How important is price vs. quality? |
| Food courts             |                        | How does delivery work in your case? Which distributors do you buy from? Why?                    |
| Wholesale               |                        | Where are you currently selling? What is your stock turnover like?                               |

# FIAL eCatalogue – Facilitating Buyer Connections

If you are an export capable Australian Food and Beverage company looking to profile your product for international buyers, please register now at:

[www.australianfoodcatalogue.com.au](http://www.australianfoodcatalogue.com.au)

Gain exclusive access to resources:

- Free online tutorials – Buyer Presentation - setting yourself up for success, Creating websites that generate buyer interest, Demystifying Free Trade Agreements



The screenshot shows the FIAL eCatalogue interface. At the top, there is a navigation menu with links for HOME, CATALOGUE, PARTNERS, REGISTER, and CONTACT. Below the menu is a large banner image of a soft drink bottle. The main heading is "SOFT DRINKS AND MINERAL WATER". On the left, there is a "REFINE RESULTS" section with a list of filters under "TELEPRESENTERIES" and "EXPAND INDUSTRY". The main content area displays three product listings: ASHBOLT FARM, BEMCO AUSTRALIA, and BUNDABERG BREWED DRINKS. Each listing includes a brief description and a small image of the product. The BEMCO AUSTRALIA listing includes a "BEMCO" logo. The BUNDABERG BREWED DRINKS listing includes a "BUNDABERG" logo. The COASTAL SPRINGS listing includes a "COASTAL SPRINGS" logo.



## Table of Contents

|  |    |
|--|----|
| 1. Why Export?   | 5  |
| 2. Where to go? 1st, 2nd, 3rd,...                          | 10 |
| 3. Who is your target consumer?                            | 16 |
| 4. How do you plan to position your brand(s) and products? | 20 |
| 5. Which channels & customers will you target?             | 27 |
| 6. Which market entry model is right for you?              | 33 |
| 7. What does the value chain look like?                    | 37 |

### Appendices

|                                  |    |
|----------------------------------|----|
| Compete or cooperate?            | 42 |
| What are your core competencies? | 45 |
| a) Marketing                     |    |
| b) Logistics                     |    |
| c) Payment & Finance             |    |
| d) Legal                         |    |
| e) Product Innovation            |    |
| Government Support               | 51 |

## 6) Which market entry model is right for you?

### How to plan to enter new markets?

#### Which mode of export entry strategy is right for your business?

- a) Australian based consolidator?
- b) Australian based agency?
- c) In market agency?
- d) In market importer / distributor?
- e) Direct to retail / foodservice buyers?
- f) Overseas branch office/subsidiary?
- g) E-Commerce?

#### a) Australian Based Consolidators

##### Advantages:

- ✓ Sell in A\$
- ✓ Consolidate to save freight cost
- ✓ Low risk entry

##### Disadvantages:

- X Lose sight & control of value chain
- X Indirect communication with customer
- X Unlikely to visit market

#### b) Australian Based Agency

##### Advantages:

- ✓ Transact direct
- ✓ Save on overhead
- ✓ Low risk entry

##### Disadvantages:

- X Pay a commission to agency
- X Indirect communication with customer
- X Unlikely to visit market

#### c) In Market Based Agency

##### Advantages:

- ✓ Transact direct
- ✓ Save on overhead
- ✓ Low risk entry
- ✓ In market contact
- ✓ Less margin cost c.f. importer

##### Disadvantages:

- X Pay a commission to agency
- X Indirect communication with customer

## 6) Which market entry model is right for you?

### d) In Market importer/distributor

#### Advantages:

- ✓ Local knowledge
- ✓ In market logistics
- ✓ Low risk entry
- ✓ In market contact
- ✓ Importer can manage multiple channels/customers/ accounts

#### Disadvantages:

- X Need to allow another margin in value chain
- X Indirect communication with end customer/buyer

### e) Direct to retail/foodservice buyers

#### Advantages:

- ✓ Margin advantage
- ✓ Lower RRP on shelf
- ✓ Direct feedback from customer

#### Disadvantages:

- X Multiple export accounts
- X Overhead to support account management
- X Direct requests for A&P support
- X No one in market managing your brand c.f. importer/distributor

### f) Overseas Branch Office / Subsidiary

#### Advantages:

- ✓ Feet on the street
- ✓ Own entire value chain
- ✓ Claim local deductions e.g. VAT

#### Disadvantages:

- X Investment cost to establish
- X Overhead to support and talent to recruit/train/retain
- X Maybe unsustainable in small markets

## 6) Which market entry model is right for you?

### g) eCommerce

#### Advantages

- ✓ Increasing Middle Class In Asia
- ✓ Higher retail prices
- ✓ Lower Australian Dollar
- ✓ Expansion of online shopfronts
- ✓ Increase of Refrigeration & Logistics
- ✓ Lower Individual Business Outlay

#### Disadvantages

- × Protection of IP / Counterfeit
- × Online Promotion Strategy
- × Profit & Cost Analysis
- × Product recall
- × Warehouse (Stock & Expiry)
- × Price Competition
- × Government regulation - CIQ



## Finding the perfect trade partner

### 10 key criteria for evaluating a partner

- i. Efficiency & Scale
- ii. Leverage
- iii. Capability
- iv. Need
- v. Open
- vi. Reputation
- vii. Conflict of Interest
- viii. Knowledge
- ix. Opportunities
- x. References



<https://creatovate.wordpress.com/2014/06/19/looking-for-love-partnering-for-growth-internationally/>

## Table of Contents

|   |    |
|---|----|
| 1. Why Export?  | 5  |
| 2. Where to go? 1st, 2nd, 3rd,...                             | 10 |
| 3. Who is your target consumer?                               | 16 |
| 4. How do you plan to position<br>your brand(s) and products? | 20 |
| 5. Which channels & customers<br>will you target?             | 27 |
| 6. Which market entry model is<br>right for you?              | 33 |
| 7. What does the value chain look<br>like?                    | 37 |

### Appendices

|                                  |    |
|----------------------------------|----|
| Compete or cooperate?            | 42 |
| What are your core competencies? | 45 |
| a) Marketing                     |    |
| b) Logistics                     |    |
| c) Payment & Finance             |    |
| d) Legal                         |    |
| e) Product Innovation            |    |
| Government Support               | 51 |

## 9) Value Chain Analysis

1. What does the value chain look like for you?
2. Work up from cogs ex factory to retail price
3. Work back from in market RRP to your factory



### IPPM<sup>®</sup> International Product Pricing Modelling

#### Building your value chain – work-up & back – step 1

##### STEP 1 Before you go abroad:

##### Create the inputs – your cost side of the model

- Forex
- Ship costs – air/sea
  - 3 quotes
- Carton / Pallet / Container loadings
- Ship costs per carton

COGS - ex Au  AUD

|                           | Produced in Australia | Produced in Market |
|---------------------------|-----------------------|--------------------|
| Unit net weight (kg)      | 0.25                  | 0.2                |
| Units per Case            | 8                     | 12                 |
| Net Weight per Ctn (kg)   | 2                     | 2.4                |
| Gross Weight per Ctn (kg) | 2.20                  | 2.70               |

Foreign Exchange Rates as at 15/05/2015  
[ozforex.com.au](http://ozforex.com.au)

| AUD |     |           |
|-----|-----|-----------|
|     | CNY | 5.00      |
|     | HKD | 6.24      |
|     | SGD | 1.06      |
|     | MYR | 2.77      |
|     | PHP | 34.71     |
|     | IDR | 10,068.26 |
|     | USD | 0.08      |

Creatovate Pty Ltd <sup>®</sup>

Quote 1  
 Melbourne to Hong Kong Singapore  
 information current as at 30/04/2015 30/04/2015

Airline  
 Frequency  
 Direct  
 Transit  
 Freight per kg - to 100kg  
 Freight per kg - to 250kg  
 Freight per kg - 250kg to 500kg  
 AKE (max 1400kg)  
 Carrier security (per airway bill)  
 Fuel surcharge  
 EOF (per airway bill)  
 Terminal security per kg  
 Dry Ice per kg  
 Repalletising (per pallet)  
 AKE loading (each)  
 Masonite/Plastic sheet supply (per sheet)  
 Insulation per AKE  
 Airport transfer - loose per kg  
 Airport Transfer - AKE  
 Health Certificate/Permit Agency (per airway bill)  
 CMR (per airway bill)

Quote 1  
 Melbourne to Hong Kong  
 information current as at 30/04/2015

Service  
 Frequency  
 Direct  
 Transit  
 Container size  
 Freight (USD)  
 BAF (USD)  
 Carrier security USD (per container)  
 Lo/Lo (per container)  
 Terminal security (per container)  
 UTHU (per container)  
 Port Charges (per container)  
 Shipping site doc fee (per bill of lading)  
 Melbourne Port License fee  
 Carriage (per container)  
 Packing - pallet (per container)  
 Packing - loose (per container)  
 Repalletising (per pallet)  
 Insulation blanket (if required per container)  
 Health Certificate/Permit Agency (per bill of lading)  
 CMR (per bill of lading)  
 PHA Fee per container

# IPPM<sup>®</sup> International Product Pricing Modelling

## Building your value chain – work-up & back – step 2

### Before you go abroad:

#### Map your order-to-delivery process timeline

- Order to delivery timeline
- Order receipt, processing, production, QA,
- Docs & customs clearance,
- Ship times,
- Estimate in market clearance, warehouse, to store (to be clarified in market visit)



|   | Time taken (days) | Product shelf life |
|---|-------------------|--------------------|
| Order processed, production commenced     |                   |                    |
| Production complete                       | 5                 | 55                 |
| Quality Assurance                         | 5                 | 50                 |
| Transfer to Airport                       | 1                 | 49                 |
| Flight and clearance in Singapore         | 2                 | 47                 |
| Arrival in Singapore DC                   | 1                 | 46                 |
| Local labelling for local market purposes | 1                 | 45                 |

## Building your value chain – work-up & back – step 3

### When in market:

#### Retail audit / RRP's / Rates of Sale / etc.

- RRP by closest competitors
- Note pack sizes / weights / etc.
- Note the importers / route to market
- Multiple Retailers
- Ask for or buy the rate of sale/units per store per week

| Brand             | Variant        | Weight  | Price RRP | Price Promo | Retailer | Importer | Audit date |
|-------------------|----------------|---------|-----------|-------------|----------|----------|------------|
| Anlene            | Hi-Calcium     | 2x110g  |           |             |          |          |            |
| Browns            | Trad/Lite/Diet | 6x150g  |           |             |          |          |            |
| Carrefour         | Yogurt         | 4x125g  |           |             |          |          |            |
| Carrefour         | Greek          | 4.150g  |           |             |          |          |            |
| Casa              | Greek style    | 300g    |           |             |          |          |            |
| Casa              | Natural        | 500g    |           |             |          |          |            |
| Clover            | Organic        | 170g    |           |             |          |          |            |
| Dutch Lady        | Natural Yogurt | 140g    |           |             |          |          |            |
| Dutch Lady        | Low Fat        | 140g    |           |             |          |          |            |
| Dutch Lady        | Natural Yogurt | 500g    |           |             |          |          |            |
| Elle & Vire       | 0%             | 125g    |           |             |          |          |            |
| Elle & Vire       | Fruits         | 125g    |           |             |          |          |            |
| Emmi              |                | 100g    |           |             |          |          |            |
| Emmi              |                | 1Kg     |           |             |          |          |            |
| Farmers Union     | Greek          | 200g    |           |             |          |          |            |
| Farmers Union     | European       | 200g    |           |             |          |          |            |
| Farmers Union     | Greek          | 500g    |           |             |          |          |            |
| Farmers Union     | European       | 500g    |           |             |          |          |            |
| Farmers Union     | Greek          | 1Kg     |           |             |          |          |            |
| Farmers Union     | European       | 1Kg     |           |             |          |          |            |
| Farm Fresh        | Low Fat Natur  | 400g    |           |             |          |          |            |
| Farm Fresh        | Low Fat Natur  | 1.5 Kg  |           |             |          |          |            |
| Fernleaf          | Calcium        | 4x60g   |           |             |          |          |            |
| Fernleaf          | Calcium        | 8x60g   |           |             |          |          |            |
| Fernleaf          | Calcium Drink  | 4x100mL |           |             |          |          |            |
| Gippaland         | Organic        | 200g    |           |             |          |          |            |
| Gippaland         | Organic        | 500g    |           |             |          |          |            |
| Jalna             |                | 500g    |           |             |          |          |            |
| Lean Foods        | Organic        | 220g    |           |             |          |          |            |
| LiteYo (Nutrigen) |                | 135g    |           |             |          |          |            |
| Marigold          | Low Fat        | 150g    |           |             |          |          |            |
| Marigold          | 0% FF          | 150g    |           |             |          |          |            |
| Marigold          | Naï & Fruits   | 140g    |           |             |          |          |            |
| Merediti          | Sheep Yogurt   | 500g    |           |             |          |          |            |
| Milkana           | Fruity         | 100g    |           |             |          |          |            |
| Nestle            | Natural Yogurt | 1.4Kg   |           |             |          |          |            |
| Nestle            | Smooth & Fruit | 135g    |           |             |          |          |            |
| Nestle            | Fat Free       | 135g    |           |             |          |          |            |
| Nestle            | Natural Yogurt | 470g    |           |             |          |          |            |

Creatovate Pty Ltd<sup>®</sup>

# Value Chain Analysis

## Building your value chain – work-up & back – step 4

### Now you are in in market:

#### Work back from RRP

- No. of stores can range
- Units per store per week / ctns per month
- VAT/GST
- Voice of Customer – Retailer Margin
- Voice of Trade Partner – Distributor Margin
- A&P Support / % or case allowance
- Date & Damage/Ullage allowance
- In market costs to clear customs, ports, etc.

| Market                                     | Malaysia - Distributor |                           |                      |
|--|------------------------|---------------------------|----------------------|
| <b>Pricing Summary - Normalised Basis</b>  |                        | <b>6oz/170g varieties</b> |                      |
|  |                        | MYR                       | AUD                  |
| <b>RRP</b>                                 |                        | <b>8.95</b>               | <b>\$2.95</b>        |
| VAT  | 6%                     | RM0.51                    | \$ 0.17              |
| <b>Retailer's Selling Price before VAT</b> |                        | <b>RM 8.44</b>            | <b>\$ 2.78</b>       |
| Retailer's Margin                          | 30%                    | RM 2.53                   | \$ 0.83              |
| <b>Selling Price to Retailer</b>           |                        | <b>RM 5.91</b>            | <b>\$ 1.95</b>       |
| Trading Terms                              | 5%                     | RM 0.30                   | \$ 0.10              |
| Distributor's Margin                       | 30%                    | RM 1.68                   | \$ 0.56              |
| Dated and Damaged allowance                | 10%                    | RM 0.39                   | \$ 0.13              |
| Import Tarriff/Sales Tax                   | 0%                     | \$                        | \$                   |
| <b>Importer Buying Price per Unit</b>      |                        | <b>\$ 3.54</b>            | <b>\$ 1.16</b>       |
| Trade Spend / cup                          |                        | RM 0.30                   | \$ 0.10              |
| Listing Fees / Total                       |                        | RM 45,000                 | \$ 15,000            |
| Freight (if applicable)                    |                        | RM 0.45                   | \$ 0.15              |
| Mike & Dermo COGS                          | 8 x 150g               | A\$ 6.00 / ctn            | \$ 0.75 /cup         |
| <b>Brand Contribution ex Overhead</b>      |                        | <b>\$ 2.00</b>            | <b>\$ 0.25 / cup</b> |

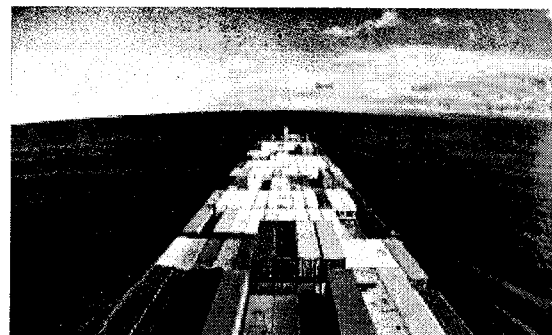
Creatovate Pty Ltd ©

## Sustainability and Market Access

Ensuring a long term export market for your food product.

Things to look at:

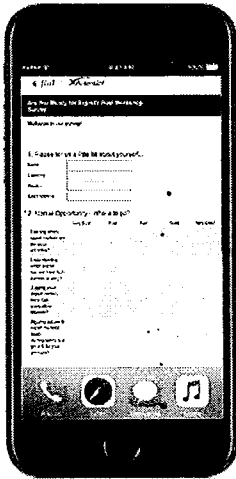
- Building strong relationships/partnerships with overseas buyers/ stakeholders.
- Ensuring a guarantee of supply, or sufficient warning and an alternative.
- Respond quickly to concerns & threats.
- Look at wider market opportunities.
- Build strong brand recognition.
- Practice continuous improvement.
- Actively build-in innovation.





# Post Workshop Feedback

## Please Complete the Post Workshop Survey



As part of FIAL's continuous improvement strategy to make sure the service/programs you receive are above and beyond expectations, your feedback would be much appreciated and will assist us in evaluating and further improving our services for you.

<https://www.surveymonkey.com/r/ayrfe3>

## Contact Us



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Website: [www.xpotentialanz.com](http://www.xpotentialanz.com)

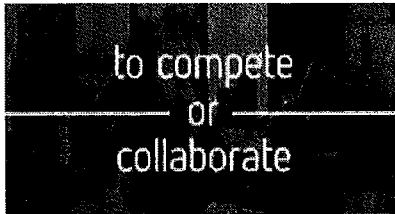
## Table of Contents

|   |    |
|---|----|
| 1. Why Export?  | 5  |
| 2. Where to go? 1st, 2nd, 3rd,...                             | 10 |
| 3. Who is your target consumer?                               | 16 |
| 4. How do you plan to position<br>your brand(s) and products? | 20 |
| 5. Which channels & customers<br>will you target?             | 27 |
| 6. Which market entry model is<br>right for you?              | 33 |
| 7. What does the value chain look<br>like?                    | 37 |

### Appendices

|                                  |    |
|----------------------------------|----|
| Compete or cooperate?            | 42 |
| What are your core competencies? | 45 |
| a) Marketing                     |    |
| b) Logistics                     |    |
| c) Payment & Finance             |    |
| d) Legal                         |    |
| e) Product Innovation            |    |
| Government Support               | 51 |

# 7) Compete or Cooperate



1. Who are your competitors in market?
  - Local?
  - Regional?
  - International?
2. What does their SWOT look like?
3. What does your SWOT look like?
4. Will you compete or cooperate in market?

## Let's understand our competition a little more closely...

For the SWOT exercise we need to acknowledge the competition...

- Strengths? (their)
- Weaknesses? (their)
- Opportunities? (external)
- Threats? (external)



### Mike & Dermo's closest competition ... Lionco

|   |  |
|---|--|
| <p><b>S</b> Strengths</p> <ul style="list-style-type: none"> <li>✓ Brand heritage in market</li> <li>✓ Made in Australia</li> <li>✓ Made from Fresh Milk</li> <li>✓ Well established local market</li> <li>✓ Strong brand equity</li> <li>✓ Strong financial performance</li> </ul> | <p><b>W</b> Weaknesses</p> <ul style="list-style-type: none"> <li>× Export product inherently linked to domestic product/runs/range reviews/constant changes</li> <li>× Multi-category business easily distracted by issues in other areas e.g. cheese or milk</li> <li>× Licence brand Yoplait</li> </ul>       |
| <p><b>O</b> Opportunities</p> <ul style="list-style-type: none"> <li>✓ Create a new organic products</li> <li>✓ Launch a drinking yogurt</li> <li>✓ Move to local production</li> <li>✓ Buy a local player (M&amp;A)</li> </ul>   | <p><b>T</b> Threats</p> <ul style="list-style-type: none"> <li>× Foreign exchange rates</li> <li>× Increasing sophistication taste and appeal of local yogurts</li> <li>× Licence brand Yoplait could be removed by General Mills</li> <li>× Kirin might lose interest and sell LionCo Dairy Division</li> </ul> |

# SWOT Analysis - Us

## Then Mike & Dermo looked at themselves

|  |   |
|--|---|
| <p><b>S</b> <b>Strengths</b></p> <ul style="list-style-type: none"> <li>✓ Made in Australia</li> <li>✓ Made from fresh Organic Milk</li> <li>✓ Made from local Organic Fruit</li> <li>✓ Authentic brand and founders</li> <li>✓ 100%</li> <li>✓ Substrate - built in Australia</li> </ul>          | <p><b>W</b> <b>Weaknesses</b></p> <ul style="list-style-type: none"> <li>× Limited local market knowledge around tastes and attitudes</li> <li>× Small batch production, high cost producers</li> <li>× Organic still a niche in Malaysia</li> </ul>  |
| <p><b>O</b> <b>Opportunities</b></p> <ul style="list-style-type: none"> <li>✓ On trend – healthier choices</li> <li>✓ No organic yogurts of strength in market in Malaysia – some US but very expensive</li> <li>✓ Expand into new formats &amp; flavours relevant for the local market</li> </ul> | <p><b>T</b> <b>Threats</b></p> <ul style="list-style-type: none"> <li>× Local players develop a lower cost local organic yogurt</li> <li>× Fluctuations in foreign exchange or local market milk/fruit cost impact on profitability</li> <li>× Sensitive to local government rules and regulations on claims</li> </ul> |

## Now have a look at your own business

|                                      |                                   |
|--------------------------------------|-----------------------------------|
| <p><b>S</b> <b>Strengths</b></p>     | <p><b>W</b> <b>Weaknesses</b></p> |
| <p><b>O</b> <b>Opportunities</b></p> | <p><b>T</b> <b>Threats</b></p>    |

## Table of Contents

|  |    |
|--|----|
| 1. Why Export?   | 5  |
| 2. Where to go? 1st, 2nd, 3rd,...                          | 10 |
| 3. Who is your target consumer?                            | 16 |
| 4. How do you plan to position your brand(s) and products? | 20 |
| 5. Which channels & customers will you target?             | 27 |
| 6. Which market entry model is right for you?              | 33 |
| 7. What does the value chain look like?                    | 37 |

### Appendices

|                                  |    |
|----------------------------------|----|
| Compete or cooperate?            | 42 |
| What are your core competencies? | 45 |
| a) Marketing                     |    |
| b) Logistics                     |    |
| c) Payment & Finance             |    |
| d) Legal                         |    |
| e) Product Innovation            |    |
| Government Support               | 51 |

## 8) Core Competencies to Export

### b) Export Logistics

For smaller businesses, it is best to use a freight forwarder to arrange your bookings. They should be attuned to the latest legislation and are usually cheaper as they buy space in bulk.

- If shipping by sea you will require food grade containers.
- Check insurance coverage for food items.
- Look at refrigeration options for air and sea for perishable items.
- Consider in-country storage and distribution needs.

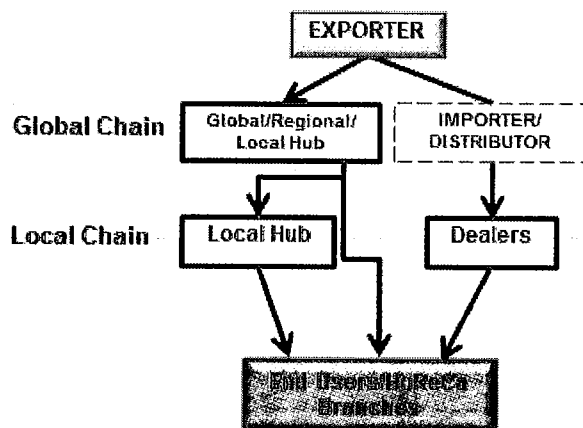
### China Supply Chain example



- Fragmented food and beverage supply chain.
- Many retail stores are difficult for foreign manufacturers to sell directly.
- Distribution networks lack consistency
- Interrupted transport networks
- Less sophisticated cold chain.
- Retailers expanding to tier 3 & 4 cities

### Malaysia Supply Chain example

Routes to the Market – Foodservice: Hotels, Restaurants & Catering



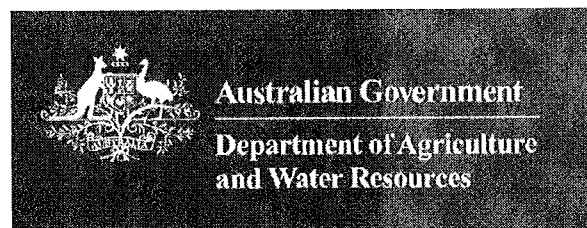
## 8) Core Competencies to Export

### c) Compliance & Certification – Exporting Food

Dept. of Agriculture & Water Resources only assists in the export of prescribed goods. Requirements vary depending on the goods.

Prescribed goods include:

- dairy
- live animals
- fish and fish products
- plants and plant products
- eggs and egg products
- meat and meat products
- grain
- animal food (frozen raw meat)
- food labeled as organic
- fresh fruit and vegetables
- dried fruit
- pharmaceuticals (raw animal material)



All other goods are classified as non-prescribed, and provisions may still apply if government to government certification is required.

### Registration (in market)

#### Overseas Import Regulation Considerations and Potential FTA Benefits

- China Customs Link: <http://english.customs.gov.cn/>
- Malaysia Customs Link: <http://www.customs.gov.my/>
- Thailand Customs Link: <http://www.customs.go.th/>

### Labelling



## c) Payment & Finance

### Financing an Export Initiative:

- Allow a budget for export marketing activities (see EMDG)
- Develop a realistic P & L and cash flow forecast (payments can often be slower from offshore markets)
- Ensure any working capital gaps can be met by internal resources or borrowings - check with your bank.
- Choose a payment method that provides protection (payment up front, Letter of Credit, or Credit Insurance)

### Payment Methods

- Payment on order or prior to shipment
- Documentary Letter of Credit
- Standby Letter of Credit
- Documentary Collection
- Open account payment

#### Notes:

- consider credit insurance for open account arrangements
- payment can be part up-front, part on shipment or delivery



*Efic  
 Finance for  
 Australian  
 Exporters*



# Incoterms


## Any Mode of Transport

- EXW – Ex Works
- FCA – Free Carrier
- CPT – Carriage Paid To
- CIP – Carriage and Insurance Paid
- DAT – Delivered At Terminal
- DAP – Delivered At Place
- DDP – Delivered Duty Paid

## Sea and Inland Waterway Transport Only \*

- FAS – Free Alongside Ship
- FOB – Free On Board
- CFR – Cost and Freight
- CIF – Cost, Insurance and Freight

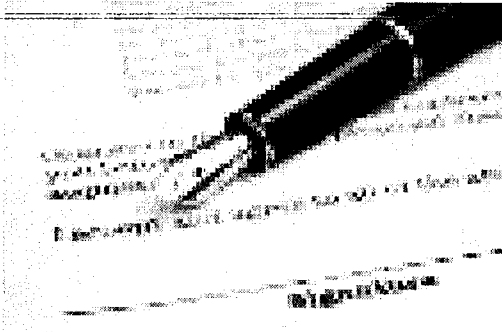
(\* For bulk/break bulk cargo)



| DESCRIPTION                                  | EXW    | FCA    | CPT    | CIP   | DAT   | DAP   | DDP   | FAS   | FOB   | CFR   | CIF   |
|--|--------|--------|--------|-------|-------|-------|-------|-------|-------|-------|-------|
| <b>EXW</b><br>Ex Works                       | SELLER |        |        |       |       |       |       |       |       |       |       |
| <b>FCA</b><br>Free Carrier                   | SELLER | BUYER  |        |       |       |       |       |       |       |       |       |
| <b>CPT</b><br>Carriage Paid to               | SELLER | BUYER  | BUYER  |       |       |       |       |       |       |       |       |
| <b>CIP</b><br>Carriage and Insurance Paid to | SELLER | BUYER  | BUYER  | BUYER |       |       |       |       |       |       |       |
| <b>DAT</b><br>Delivered at Terminal          |        |        | SELLER |       | BUYER | BUYER | BUYER |       |       |       |       |
| <b>DAP</b><br>Delivered at Place             |        |        | SELLER |       |       | BUYER | BUYER |       |       |       |       |
| <b>DDP</b><br>Delivered Duty Paid            |        |        | SELLER |       |       |       | BUYER | BUYER | BUYER | BUYER | BUYER |
| <b>FAS</b><br>Free Alongside Ship            |        | SELLER |        |       |       |       |       | BUYER | BUYER | BUYER |       |
| <b>FOB</b><br>Free on Board                  |        | SELLER |        |       |       |       |       | BUYER | BUYER | BUYER |       |
| <b>CFR</b><br>Cost and Freight               |        | SELLER |        |       |       |       |       | BUYER | BUYER | BUYER |       |
| <b>CIF</b><br>Cost, Insurance and Freight    |        | SELLER |        |       |       |       |       | BUYER | BUYER | BUYER | BUYER |

## e) Legal

### Contract Law



- Ensure a contract with the buyer is enforceable. Look at jurisdiction legal action
- Complete a Distributor/ Agent agreement
- Confidentiality agreement is useful when negotiating entry
- Joint ventures require specific agreements that meet local legal requirements
- Consider arbitration clauses in agreements as an alternative to court proceedings
- Clearly spell out the payment timings

### Intellectual Property

Considerations:

- Registering your Brand, Trademark, and any innovative aspects of your product.
- Beware “first to file” rules in China and Japan.
- Register in the local language also (eg Penfolds).
- A decision to “take a punt” could lead to you infringing someone’s registered TM.
- For information: IP Australia [www.ipaustralia.gov.au](http://www.ipaustralia.gov.au)

TM ®

© SM

## Core Competencies Checklist

- Do you have production capacity to service an export market?
- Do you have flexible production capability to do short runs? Create new packaging? Smaller formats?
- Do you have logistics capability in place with supply chain partners?
- Do you have legal protection in place for your brand/TM?
- Are your company owner(s) committed to exporting?
- Are funds put aside or committed to the project?
- Do you have an up to date user friendly website with integrated relevant languages?
- Do you have the appropriate certifications e.g. HACCP, HALAL, etc?
- Do you have people available to be involved in developing exports?
- Do you have documentation and export customer service capacity to handle order to delivery? AQIS? Customs?

## Table of Contents

|   |    |
|---|----|
| 1. Why Export?  | 5  |
| 2. Where to go? 1st, 2nd, 3rd,...                             | 10 |
| 3. Who is your target consumer?                               | 16 |
| 4. How do you plan to position<br>your brand(s) and products? | 20 |
| 5. Which channels & customers<br>will you target?             | 27 |
| 6. Which market entry model is<br>right for you?              | 33 |
| 7. What does the value chain look<br>like?                    | 37 |

### Appendices

|                                  |    |
|----------------------------------|----|
| Compete or cooperate?            | 42 |
| What are your core competencies? | 45 |
| a) Marketing                     |    |
| b) Logistics                     |    |
| c) Payment & Finance             |    |
| d) Legal                         |    |
| e) Product Innovation            |    |
| Government Support               | 51 |

# Government Support

- Austrade [www.austrade.gov.au](http://www.austrade.gov.au)
    - Introductions, market research
    - EMDG support, Trade Start
  - EFIC [www.efic.gov.au](http://www.efic.gov.au)
    - Financial support
    - Bonding support
  - DFAT [www.dfat.gov.au](http://www.dfat.gov.au)
    - Free Trade Agreement detail
    - Trade stats by country
    - Sanctions, bribery & corruption
- State Government**
- Trade programs
  - Overseas missions
  - **Business ACT:**  
[www.business.act.gov.au](http://www.business.act.gov.au)
  - **Department of Commerce WA:**  
[www.commerce.wa.gov.au](http://www.commerce.wa.gov.au)
  - **Export South Australia:**  
[www.exporterssa.com.au](http://www.exporterssa.com.au)
  - **Export Victoria:**
  - **Industry Associations**
    - Agribusiness Association  
[www.agribusiness.asn.au](http://www.agribusiness.asn.au)
    - ACCI [www.acci.asn.au](http://www.acci.asn.au)
    - AIG [www.aigroup.com.au](http://www.aigroup.com.au)
- ECA
- Export Courses-face to face and on-line  
[www.export.org.au](http://www.export.org.au)
  - Australian Export Handbook  
[www.aiex.com.au](http://www.aiex.com.au)
- Industry.gov.au [www.auindustry.gov.au](http://www.auindustry.gov.au)
    - R&D Tax Concession
    - Entrepreneurs Infrastructure Program
  - IP Australia [www.ipaustralia.gov.au](http://www.ipaustralia.gov.au)
    - Advice on registering IP
  - **NSW Dept. of Trade and Investment:**  
[www.business.nsw.gov.au](http://www.business.nsw.gov.au)
  - **NSW Small Business:**  
[www.smallbiz.nsw.gov.au](http://www.smallbiz.nsw.gov.au)
  - **NT Dept. of Business, Industry & Resource Development:** [www.nt.gov.au](http://www.nt.gov.au)
  - **Queensland Government Export:**  
[www.export.qld.gov.au](http://www.export.qld.gov.au)
  - **TAS Dept. of Economic Development:**  
[www.development.tas.gov.au](http://www.development.tas.gov.au)
- Bi-lateral Chambers**
- Chamber of Commerce and Industry Queensland:** [www.cciq.com.au](http://www.cciq.com.au)
- Chamber of Commerce and Industry of WA:**  
[www.cciwa.com](http://www.cciwa.com)
- Chamber of Commerce Northern Territory:**  
[www.chambernt.com.au](http://www.chambernt.com.au)
- NSW Business Chamber:**  
[www.nswbusinesschamber.com.au](http://www.nswbusinesschamber.com.au)
- VECCI:** [www.vecci.org.au](http://www.vecci.org.au)

## Free Trade Agreements

Now in place with:

- NZ, USA, Singapore, Thailand, Chile, ASEAN, Malaysia, South Korea, Japan.

In discussion:

- China, India, Indonesia, TPP, GCC, Pacer Plus and RCEP.

Apart from Tariff reductions there are rules on IP protection. However market access issues are the key barriers for the food industry.

Full details at: <http://www.dfat.gov.au/fta>

Remember these agreements are two-way:

- Imported products and services can be cheaper.
- We have been at a disadvantage with a high AUD.
- Federal and State Governments are attracting Inwards Investment, with overseas interest in food production.

## Other support services

FIAL online buyer tutorial

[http://www.australianfoodcatalogue.com.au/resources/tutorial-1---buyer-presentation---setting-yourself-up-for-success\\_120s30](http://www.australianfoodcatalogue.com.au/resources/tutorial-1---buyer-presentation---setting-yourself-up-for-success_120s30)



Australian Government  
Department of Industry,  
Innovation and Science

Industry  
Growth  
Centres



# Mike & Dermo's Organic Yogurt

## Are You Ready for Export?

### Case Study

### 2016

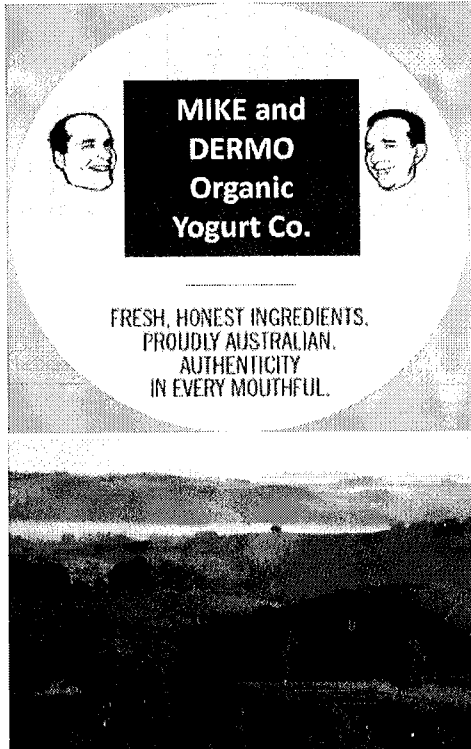
# *Agenda*

1. Background
2. Why export?
3. Craft Your Challenge Statement
4. Where to go?
5. Understanding the consumer?
6. Brand & product positioning
7. Channel & Customers
8. Market Entry Model
9. Competition & Collaboration
10. Supply Chain
11. Financial Modelling



# 1. Background

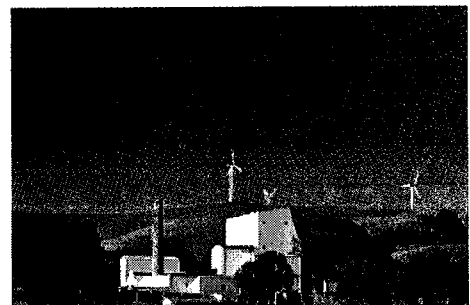
**Mike and Dermott always had a passion for nature and the natural goodness of dairy.**



One day they rode their bicycles over the rambling hills of Gippsland and discovered a farm full of happy cows in need of their care and attention. Buying the farm Mike & Dermo set about converting it to Organic farming practices and hand crafting an authentic strained Organic Yogurt using time honoured traditional techniques coupled with the latest modern dairy technology to lock in nature's goodness in every cup of yogurt. Made only from 100% Organic Australian milk and naturally sweetened with the goodness of Yarra Valley berries and fruits, Mike & Dermo set out on a journey that would take them well past their corner store. Their mission is mastering natural yogurt making techniques using only natural ingredients so good you feel like you are at their farm with every spoonful that goes in your gob!

## Commercial Success at Home

- Sales grew quickly in Australia as customers and consumers alike jumped at Mike & Dermo's Organic Yogurt
- First they sold to local independent grocers, then delis and fruit & veggie shops and before long the major supermarkets wanted a slice of their Gippsland heartland premium organic yogurt
- As they grew so did the complexity of their business!
- A factory was commissioned down the road from their farm in Leongatha, Victoria and surrounding farmers were contracted to "go Organic" and distribution deals were done to nationally range their products across this great land!

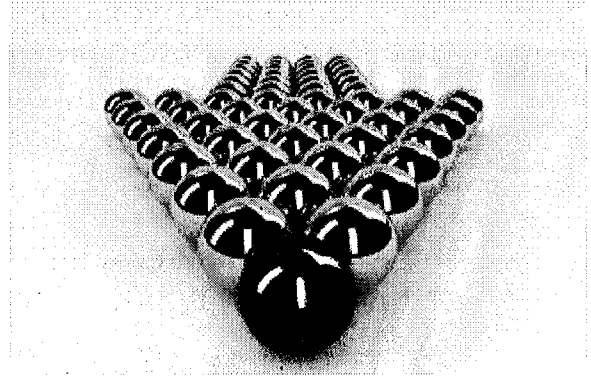






## 3. Crafting the Challenge!

- Mike & Dermo needed to capture their thoughts and their dream in a succinct statement, align their team (now 20+ people) on a journey to lands far away
- They opted to craft a one page challenge statement



### Mike & Dermo's Challenge

|                      |   |
|----------------------|---|
| <b>So that we?</b>   | <b>Capture the mouths and hearts of Asian families and help them stay healthy, we must spread our wings beyond our home base and grow our business sustainably in Asia.</b> |
| <b>By measure...</b> | <b>Exporting our organic yogurts and collecting 20% of our sales and profit from exports to Asia and be sold into 5 new countries.</b>                                      |
| <b>By when...</b>    | <b>2020</b>   |
| <b>We must..</b>     | <b>Find trade partners with like that minds can deliver, sell and market our brand like their own.</b>  |

## 4. Where to go? Mike & Dermo had another big decision to make...



- Where to go?
  - 1<sup>st</sup>
  - 2<sup>nd</sup>
  - 3<sup>rd</sup>
  - 4<sup>th</sup> and
  - 5<sup>th</sup>
- After all they were a small cash strapped company with limited \$/people/time
- FOCUS is important
- They needed to rank and prioritise the markets in Asia under scope of study

### Mike & Dermo asked friends at Dairy Australia to help guide them...

- They gathered info about where Australian Yogurt Exports were going in total – top 5 export markets in 2014
- How much volume & value?
- Where to?
- Could Mike & Dermo play follow the leader?
- These markets must be already be open to ex/import?

#### TOP 5 Countries Australian Yogurt Exports 2014 by Volume

Singapore  
Hong Kong  
Malaysia  
China  
Thailand

## Time to use a quick tool to objectively rank & prioritise their top 5 choices

- Political situation - stability, trade agreements?
- Economic situation - present & future wealth of consumers?
- Socio-cultural – business culture adaptability?
- Technology transfer?
- Environmental?
- Legal? Regulatory environment



### Which country has highest MOI® for Mike & Dermo? Market Opportunity Index

| Factors  | Hong Kong     | Singapore     | Malaysia      | Thailand      | China         |
|--|---------------|---------------|---------------|---------------|---------------|
| Market attractiveness<br>•Ex/Import Volumes<br>•\$/Kg Retail<br>•CAGR  | 10            | 10            | 7             | 4             | 4             |
| Sociodemographics<br>•PPP per capita<br>•Disposable income<br>•Food ex per capita  | 10            | 10            | 7             | 4             | 4             |
| Dispersion<br>•Retailer concentration<br>•Manufacturer concentration<br>•Private Label penetration<br>•Top 5 brands market share | 0             | 4             | 10            | 10            | 10            |
| Innovation Intensity<br>•NPD p.a.<br>•% launches with proven claims<br>•Retailer Review rates                                    | 4             | 4             | 7             | 7             | 4             |
| <b>Totals &amp; Ranking for entry</b>  | <b>24 (4)</b> | <b>28 (2)</b> | <b>31 (1)</b> | <b>25 (3)</b> | <b>22 (5)</b> |



## 5. Understanding the Target Consumer



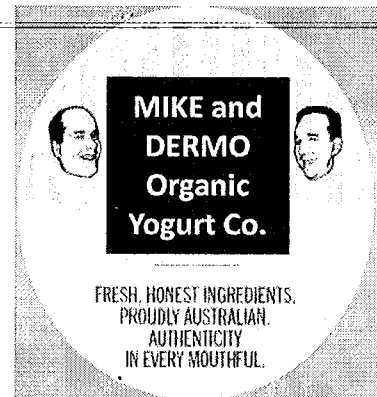
- Mike & Dermo felt they now had a grasp on the Category of Yogurt and the Competition and how and where to position their product in store but they needed to better profile and understand the target consumer – who is s/he?

### Understanding Karen Yee – Our Target

| Opportunity cluster                        | Trigger questions  | Example  |
|--|--|--|
| <b>Category involvement and behaviours</b> | How much are they into this category?<br>How do they participate in it?                                  | Karen buys yogurt once every 2 weeks or so. She likes to get a big tub of plain yogurt for cooking her favourite Malay curries, and a few pots of Nestle Greek yogurt or a Litre of Dutch Lady Drinking Yogurt for her son – Martin. |
| <b>Lifestyle behaviors</b>                 | What do they do think and say that's relevant to our business and makes them distinct from others?       | Karen is a busy working Mum, married to a self employed Malaysian Chinese businessman Simon Yee. Karen has been reading a lot on blogs about how to eat more healthy foods for her family health.                                    |
| <b>Attitude to life</b>                    | Beyond their behaviours, what are their beliefs and attitudes to life that might impact on the category? | Karen is a little concerned by the rising pollution levels she is seeing in KL nowadays. Smoke clouds from Indonesia, more traffic, and occasional outbreaks on social media about food scares in China and close to home.           |
| <b>Attitude to category</b>                | What does the category mean to them – what role does it perform for them?                                | Karen sees yogurt as a natural healthy treat if its fruited she might give Mike some in his lunchbox or after school as a snack. Its better for him than fried snack foods or fizzy drinks.  |
| <b>Usage triggers</b>                      | What triggers them to think about and use this category?   | She first discovered yogurt after having Mike. She could not take too much dairy because of lactose but yogurt drinks were gentle on her tummy.  |
| <b>Raw nerves</b>                          | What things would a product do to make them feel let down.<br>What would really irritate them?           | Karen has been disappointed to see lately a lot of low fat claims on products that are full of sugar or low sugar claims that have artificial sweeteners. She is beginning to distrust big brand big marketing claims.               |
| <b>Entry price</b>                         | What are the givens they demand at minimum from this category?   | Karen only buys yogurt made from fresh milk. She prefers her dairy products from countries she trusts and it must be tamper proof packaging.   |
| <b>Differentiators</b>                     | How do they select within the category?  | Karen looks to brands she trusts or have been around a while. She is also conscious of value and price but does not mind spending a little more for the good health of her son Martin.   |
| <b>Favored brands</b>                      | Which brands do they tend to go for most?  | Karen has always trusted Nestle and Dutch Lady because they were around when she was a kid. More recently she has dabbled with imported brands like Yoplait and even Chobani Greek yogurt from Australia                             |
| <b>Demographics</b>                        | Their distinctive demographics compared to other consumer clusters                                       | Karen is Chinese Malaysian and was born, raised and educated in Malaysia. She loves Malaysian cuisine and her native Sichuan province – spice is life!   |

## 6. Brand and Product Positioning

- Mike & Dermo felt confident they had a differentiated brand and product proposition and they were keen to codify the knowledge in a guideline and positioning statement to align their trade partners in Malaysia.



### Our Positioning Definition

|                    |   |
|--------------------|---|
| Target             | For the mother with an active lifestyle who shops for themselves and their family with a belief that natural food is healthier ....   |
| Frame Of Reference | who needs an authentic yogurt for home and on-the-go,   |
| End Benefit        | Mike & Dermo's - Strained Organic Yogurt is the velvet taste sensation that locks in the natural goodness of Australian milk and fruit.   |
| Reason to Believe  | Because it is hand-crafted and packed in Gippsland, Australia from 100% local Organic Milk & Fruits using a time honoured straining technique that concentrates and smoothes without losing any natural goodness. |

## 7. Channel & Customer

Malaysia food retail industry distribution: % share, by value, 2014

Independent & Specialist Retailers
  Supermarkets / hypermarkets
  Convenience Stores
  Other



Now Mike & Dermo attention turned to the trade. Which channel would they initially target to introduce and trial their products? Which customers would be their lead channel partners?

### Malaysian retail industry

- Independents & Specialists dominate with 56% market share
- Super / Hypermarkets account for 42% share
- Convenience stores are rising but still only account for 1% of total retail sales for food



Source: Marketline

### Malaysian Grocery Landscape

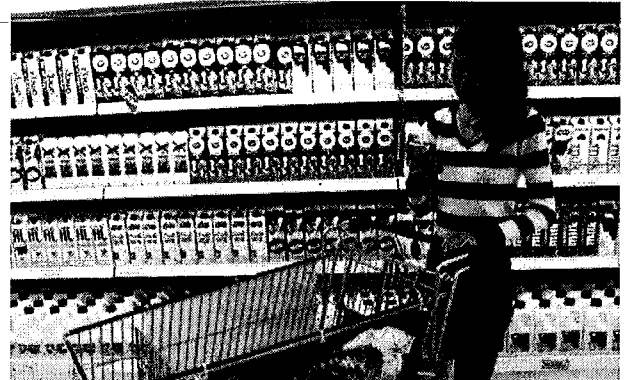


Mike & Dermo were encouraged by how many retailers there were operating in Malaysia

The set about arranging meetings with the category managers and buyers to hear their voice & learn

# Voice of the Customer

- Mike & Dermo armed themselves with a host of questions to ask
- Everything from trends, drivers, barriers, typical shoppers, size of basket, units per store per week, good suppliers, labelling, you name it they asked it!



## Mike & Dermo's Voice & Choice of Customer Tool

| Channel - Retail         | Customer choice/rank | Voice of Customer – Example Qs?   |
|--------------------------|----------------------|---|
| Hypermarket              | 2                    | What is your % import/local sales?<br>What are your trading terms?<br>How do you distribute to stores?  |
| Supermarket              | 1                    | What is average rate of sale per unit?<br>What trends are you seeing emerging in the category?          |
| Convenience Store (7-11) | 4                    | How often do you review ranges? What if competitors are popular in certain markets? How do you measure? |
| eCommerce                | 3                    | Who looks after supply chain?<br>How fast are you growing? How does the business model work?            |
| Traditional – Mom & Pop  | 5                    | Who is your wild card? Do you sell any yogurt? What for? (e.g. flow through per day/week/month?)        |





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# Voice & Choice of Customer Tool

| Channel - Foodservice   | Customer choice / rank | Voice of Customer – Qs?   |
|-------------------------|------------------------|---|
| Hotels                  | 1                      | What do you serve with breakfast? What cup size is best? Do you buy bulk or pots? What prices? Who supply you with yogurt?                    |
| Restaurants             | 5                      | What styles of yogurt does chef use? Do you use plain or fruited? What dishes use yogurt? What type of Yogurt? Who is a good supplier to you? |
| Cafes                   | 4                      | What innovative snack formats work? Have you tried plain yogurt with nuts and snacks on top?  |
| Quick Serve Restaurants | 2                      | How is your brand positioned? Do you have healthier dessert options? Would you consider yogurt?   |
| Food courts             | 6                      | How does delivery work in your case? Which distributors do you buy from? Why?   |
| Wholesale               | 3                      | Where are you currently selling? What is your stock turnover like on fresh dairy?   |

## Mike & Dermo 1<sup>st</sup> Channel Choice : Upmarket Modern Supermarkets

- Mike & Dermo decided to target a few lead retailers with a focus on premium imported dairy
- They wanted to stay out of traditional trade, convenience and most foodservice until they built their brand
- Focus was important as resources were scarce at Mike & Dermo Yogurt Co.



## 9. Market Entry Model



Now Mike & Dermo were all set to send their great organic yogurts to Malaysian Mums & Dads & Kids hungry for healthy treats! But first they needed to decide which market entry mode to use to enter Malaysia as there were several different options available to them...

***Mike & Dermo needed to decide how they wanted to export***

### Market Entry Mode

1. Export Merchant at Home or Australian Based Consolidator.
2. Export Agent at home.
3. Agency in foreign country.
4. Direct export to an importer/wholesaler/distributor or
5. Direct export to Retailer.
6. Overseas Branch Office

### Export



Reference: <https://creatovate.wordpress.com/2014/10/09/how-to-enter-new-marketsexport/>

## *Mike & Dermo needed to decide*

### Mike & Dermo chose to...



- Pick a local trade partner to help them access the market
- They needed help on the ground, wanted to access the broader market
- They could not afford own team/office
- Did not want to be too distant
- Could not manage direct to retail easily with existing resources

### *Finding the Perfect Trade Partner*



<https://creatovate.wordpress.com/2014/06/19/looking-for-love-partnering-for-growth-internationally/>

Mike & Dermo set 10 key criteria & created a scorecard

- i. Efficiency & Scale
- ii. Leverage
- iii. Capability
- iv. Need
- v. Open
- vi. Reputation
- vii. Conflict of Interest
- viii. Knowledge
- ix. Opportunities
- x. References

## 8. Competition: Tale of Two Tiers



Mike & Dermo had a few ideas who they might be up against but needed to do some homework on the top 3 and have a deep look inside themselves as well for what strengths to leverage upon market entry.

### ASIAN

- LOCAL market leaders
  - Marigold (MDI Malaysia)
  - Dutch Lady (Friesland-Campina)
  - Nestle
- Sizes approx. 140g
- RRP RM1.65-1.99 per pot
- Powder based, high sugar, low fruit, low solids
- Multiple flavours – singles & twin packs
- Spoon in lid pack formats



### IMPORTED

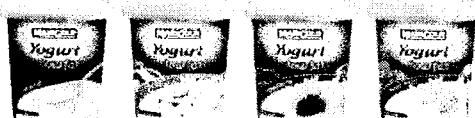
- IMPORTED market leaders
  - Emmi (Swiss)
  - Yoplait (Australia)
- Sizes approx. 100-170g
- RRP averages RM3.49 per pot for 100-125g & RM5.99 for 200g
- Farmers Union Greek
- Fresh milk based, high sugar, more fruit
- Multiple flavours – singles



### MARIGOLD - Malaysia Milk Sendirian Berhad

- Malaysia Dairy Industries (MDI) was founded in 1963 as a joint venture between Singaporean partners and the Australian Dairy Produce Board. In 1969, the Singaporean partners purchased the Australian equity, resulting in the total localization of MDI.
- Today, MDI is a leading dairy and beverage company, with annual sales revenue of more than \$260 million in Singapore and RM600 million in Malaysia.

MARIGOLD has 2 flagship brands in Malaysia which are MARIGOLD HL Milk, the No.1 Pasteurised Milk and MARIGOLD PEEL FRESH, the No.1 Pasteurised Fruit Juice in the market. VITAGEN carries the No.1 Cultured Milk Drink title under its belt making it "The true Cultured Milk Drink" in Malaysia.



Sources: <http://www.mdi.com.sg/>

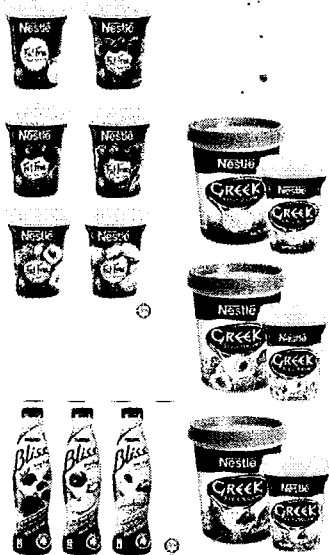
## 8. Competition: Tale of Two Tiers

### Dutch Lady



- Dutch Lady Milk Industries Berhad ("Dutch Lady Malaysia") is a leader in the quality branded dairy business in Malaysia. Incorporated in 1963, it was the first milk company in Malaysia to be listed on Bursa Malaysia, the local Stock Exchange in 1968. Its holding company is Royal FrieslandCampina.
- Royal FrieslandCampina is a multinational cooperative company that profitably develops, produces and sells a wide range of branded dairy products and fruit-based drinks for consumers, professional users and food producers.
- 2014 RM1,000m Sales / RM148m Operating Profit before interest & tax
- Low Fat Eating Yoghurt
- Available in 140gm cup & 500gm Tub (natural)
- 0% Fat Drinking Yogurt
- Broad based dairy company involved in most if not all dairy categories in Malaysia

### Nestle Malaysia



- Nestlé began in Malaysia in 1912 as the Anglo-Swiss Condensed Milk Company in Penang. Since 1962, with its first factory in Petaling Jaya, Nestlé Malaysia now manufactures its products in 7 factories.
- The Company was publicly listed on the KLSE in 1989. Today, the Company employs more than 5000 people and manufactures as well as markets more than 300 Halal products in Malaysia. Its brand name such as MILO<sup>®</sup>, NESCAFÉ<sup>®</sup>, MAGGI<sup>®</sup>, NESPRAY<sup>®</sup> and KIT KAT<sup>®</sup>.
- Turnover was RM4.8b in 2014 and operating cash flow was RM857m.
- NESTLÉ BLISS<sup>®</sup> is the number one Yogurt drinks brand in Malaysia, loved by consumers for its digestive health properties and great taste!
- Nestle also has a Greek yogurt with claims 2 servings of NESTLÉ Greek Style Yogurt Natural 135g provide 24% of adult daily protein requirement.

## 8. Competition: Tale of Two Tiers

- Largest Swiss milk processor
- Subsidiaries and holdings in 13 countries
- Exports to over 60 countries
- CHF 3.4 billion in sales, CHF 1.5 billion of which were generated outside Switzerland, EBIT CHF136m in 2014
- Sold in 100g & 1Kg
- Ex Switzerland
- Extended Shelf Life (sea-shipped)
- RM3.49 per pot in Tesco Malaysia A\$1.17 per cup
- Seen widely in Hotels, Airlines, Foodservice as sold very cheap



Sources:

[https://group.emmi.com/fileadmin/user\\_upload/emmi\\_group/about/emmi\\_short\\_profile\\_2014.pdf](https://group.emmi.com/fileadmin/user_upload/emmi_group/about/emmi_short_profile_2014.pdf)

### Lion Dairy & Drinks P/L



- Australasia leading food & beverage company [www.lionco.com](http://www.lionco.com)
- Lion employs over 7,000 people across Australia and New Zealand and delivers revenues in excess of AU\$5 billion. Subsidiary of Kirin (Japan).
- Business activity primarily in Beer, some wine & sprits, Dairy & Drinks
- Brands in Fresh Dairy in Malaysia include:
  - Yoplait
  - Farmers Union
  - Fruche by Yoplait
- Yoplait & Farmers Union imported & sold by [Pikzern](#) in Malaysia

## Competitors – SWOTs

Let's understand our competition a little more closely...

- For the SWOT exercise we need to acknowledge the competition...
- Strengths? (their)
- Weaknesses? (their)
- Opportunities? (external)
- Threats? (external)



### SWOT Analysis - Them

Mike & Dermo picked their closest competition and started analysing them...Lionco

|  |  |
|--|--|
| <p><b>S</b> Strengths</p> <ul style="list-style-type: none"> <li>✓ Brand heritage in market</li> <li>✓ Made in Australia</li> <li>✓ Made from Fresh Milk</li> <li>✓ Well established local trade partner</li> <li>✓ In market personnel marketing the brand</li> </ul> | <p><b>W</b> Weaknesses</p> <ul style="list-style-type: none"> <li>× Export product inherently linked to domestic product/runs/range reviews/constant changes</li> <li>× Multi-category business easily distracted by issues in other areas e.g. cheese or milk</li> <li>× Licence brand Yoplait</li> </ul>       |
| <p><b>O</b> Opportunities</p> <ul style="list-style-type: none"> <li>✓ Create a new organic products</li> <li>✓ Launch a drinking yogurt</li> <li>✓ Move to local production</li> <li>✓ Buy a local player (M&amp;A)</li> </ul>  | <p><b>T</b> Threats</p> <ul style="list-style-type: none"> <li>× Foreign exchange rates</li> <li>× Increasing sophistication taste and appeal of local yogurts</li> <li>× Licence brand Yoplait could be removed by General Mills</li> <li>× Kirin might lose interest and sell LionCo Dairy Division</li> </ul> |

## SWOT Analysis - Us

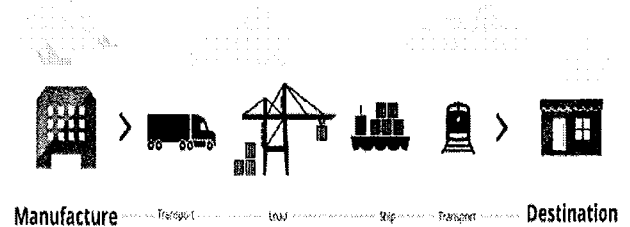
Mike & Dermo then had a look at their own business to compare how they stacked up.

|  |  |
|--|--|
| <p><b>S</b> Strengths</p> <ul style="list-style-type: none"> <li>✓ Made in Australia</li> <li>✓ Made from Fresh Organic Milk</li> <li>✓ Made from local Organic Fruit</li> <li>✓ Authentic brand and founders story</li> <li>✓ Sales in Australia</li> </ul>                                 | <p><b>W</b> Weaknesses</p> <ul style="list-style-type: none"> <li>× Limited local market knowledge around tastes and attitudes</li> <li>× Small batch production, high cost producers</li> <li>× Organic still a niche in Malaysia</li> </ul>  |
| <p><b>O</b> Opportunities</p> <ul style="list-style-type: none"> <li>✓ On trend – healthier choices</li> <li>✓ No organic yogurts of strength in market in Malaysia – some US but very expensive</li> <li>✓ Expand into new format's &amp; flavours relevant for the local market</li> </ul> | <p><b>T</b> Threats</p> <ul style="list-style-type: none"> <li>× Local players develop a lower cost local organic yogurt</li> <li>× Fluctuations in foreign exchange or local market milk/fruit cost impact on profitability</li> <li>× Sensitive to local government rules and regulations on claims</li> </ul> |

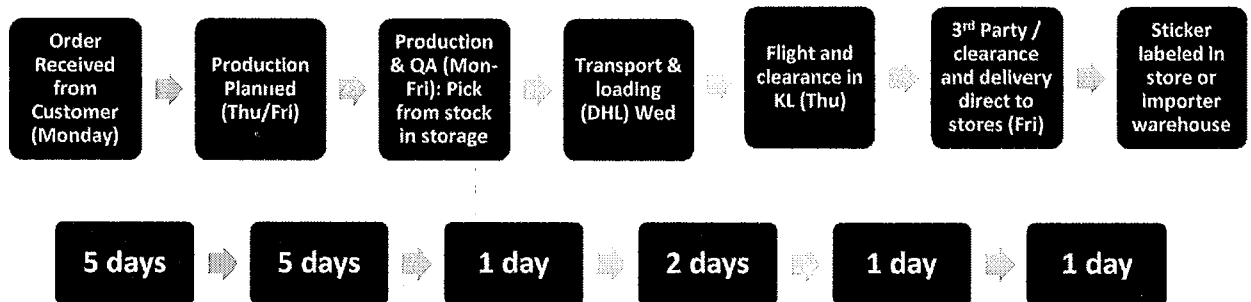


## 9. Supply Chain

- Mike & Dermo now needed to do some homework before heading to Malaysia to map out a supply chain from their factory to shelf and estimate a delivery time and code of product on arrival in market.



### Supply Chain: Fulfillment – Factory to Importer Warehouse



- Mike & Dermo Product from Australia initially has 55 days shelf life.
- After the completion of additional labelling requirements, QA clearance for export product will have at least 50 days of shelf life.
- Estimate shelf life on arrival in KL with 35 days shelf life
- 10 days order to delivery lead-time. Orders Monday – receive in Malaysia stores/warehouse following Friday
- MOQs: 1 AKE = 1,400Kg to maximise an air-freight container for freight efficiency
- Mike & Dermo took a visit to DHL Tullamarine to watch product load and understand how much of their product will fit on a pallet and in an AKE

#### Mike & Dermo identify 3 freight providers have been identified for a freight tender

1. DHL International
2. CT Freight
3. a.hartrodt

They also wanted to sense check they were getting good rates so jumped online for a quick freight quote at [www.cargohound.com.au](http://www.cargohound.com.au) To do that first they needed all the carton weights (net and gross) dimensions and pallet and AKE loading.



## 10. Financial Modelling

Mike & Dermo now needed to do some on the back end of their financial model before heading to market and building the front end of their international product pricing model

### Financial Modelling – Inputs Malaysia

- Ex Rate MYR:AUD 3.04
- Price survey in market
- VAT/GST
- Retailer Margin
  - Trade spend allowance
  - Listing Fees
  - Date & Damage
- Importer / Distributor margin
  - A&P support
- In bound customs, clearance and freight to importer warehouse charges



### International Product Pricing Model<sup>©</sup>

| Market                                     | Malaysia - Distributor |                           |                      |
|--|------------------------|---------------------------|----------------------|
| <b>Pricing Summary - Normalised Basis</b>  |                        | <b>6oz/170g varieties</b> |                      |
|  |                        | MYR                       | AUD                  |
| <b>RRP</b>                                 |                        | <b>8.95</b>               | <b>\$2.95</b>        |
| VAT  | 6%                     | RM0.51                    | \$ 0.17              |
| <b>Retailer's Selling Price before VAT</b> |                        | <b>RM 8.44</b>            | <b>\$ 2.78</b>       |
| Retailer's Margin                          | 30%                    | RM 2.53                   | \$ 0.83              |
| <b>Selling Price to Retailer</b>           |                        | <b>RM 5.91</b>            | <b>\$ 1.95</b>       |
| Trading Terms                              | 5%                     | RM 0.30                   | \$ 0.10              |
| Distributor's Margin                       | 30%                    | RM 1.68                   | \$ 0.56              |
| Dated and Damaged allowance                | 10%                    | RM 0.39                   | \$ 0.13              |
| Import Tarriff/Sales Tax                   | 0%                     | \$ .                      | \$                   |
| <b>Importer Buying Price per Unit</b>      |                        | <b>\$ 3.54</b>            | <b>\$ 1.16</b>       |
| Trade Spend / cup                          |                        | RM 0.30                   | \$ 0.10              |
| Listing Fees / Total                       |                        | RM 45,000                 | \$ 15,000            |
| Freight (if applicable)                    |                        | RM 0.45                   | \$ 0.15              |
| Mike & Dermo COGS                          | 8 x 150g               | A\$ 6.00 / ctn            | \$ 0.75 /cup         |
| <b>Brand Contribution ex Overhead</b>      |                        | <b>\$ 2.00</b>            | <b>\$ 0.25 / cup</b> |



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1. Sydney trip 28/6/17 – km's to airport and back, tolls, parking at airport (later should be in Xero)
2. Canberra trip 11 & 12/7 – km's to airport and back, tolls, parking at Jetport
3. Oz Connect Meeting 14/7 – Carrum Downs – 30.2km x2 = 60.4 kms (could be tolls as well on Eastlink back)

