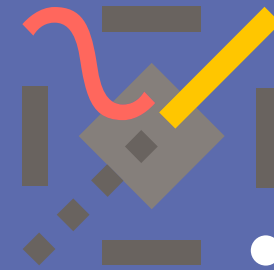


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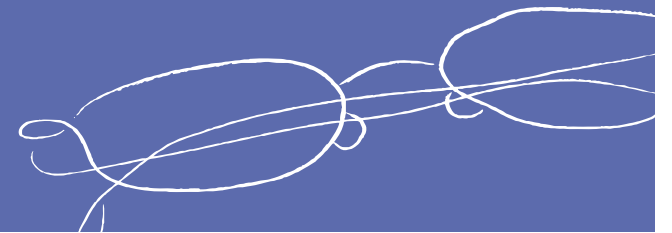
Dr David McKinna

August 2019



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To see a better way . . .
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Presentation

1. Why export?
2. Where are the opportunities?
3. Getting the strategy right



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1. Why export?



Drivers of export demand

- Growing middle class affluence
- Westernisation of global cuisine
- Overseas study and travel
- Growth of modern retail outlets
- Lack of confidence in the product integrity of local food
- Prestige factor of imported food



The benefits of exporting

- Provides a business growth platform
- Diversification/risk mitigation
- Returns can be attractive
- Economies of scale
- Utilisation of excess capacity
- Flattening of seasonal peaks
- Exposure to global competition drives continuous improvement/innovation
- Protection from domestic market competitiveness
- Driving expansion increases business value.



Australia's competitive advantage

- Reputation for food safety and product integrity
- Product quality
- Location and market connectivity
- Freshness
- Favourable exchange rate
- Cheap freight
- Long standing trading relationships

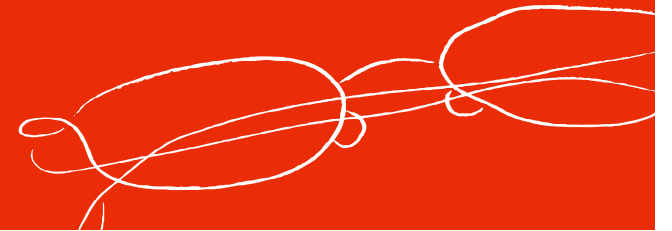


But export does add a whole new layer of risk

- Bad debt / slow payment
- Cold chain integrity
- Dispute resolution
- Shipment rejections
- Cultural differences
- Exchange rate volatility
- Economic disruption
- Political disruption



Export development requires a long term
commitment and a willingness to invest





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2. Where are the opportunities?



Growth categories

- Western branded products
- Meat
- Dairy
- Seafood
- Organics
- Gourmet and artisan foods
- Functional and health foods
- Fruit & vegetables
- Nuts and grains
- Oat based and cholesterol reducing products
- Packaged health foods and supplements
- Wine & boutique spirits
- Honey



Growth markets

- Sophisticated South East Asia (Singapore, Malaysia, Indonesia, Thailand)
- North Asia (China, Japan, South Korea, Taiwan)
- Middle East
- Emerging Asian markets (Vietnam, Myanmar)
- Pacific Islands
- North America



Australian exporters must target high end modern trade channels

High end retail



High end food service



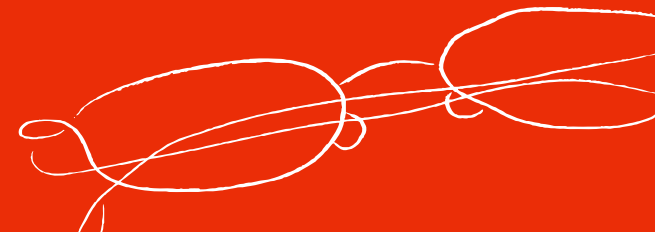


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3. Getting the strategy right



Many first time exporters make the mistake of assuming that what works here will also work overseas



Opportunistic trading:

- Reactive to enquiries and orders
- Highly volatile
- Short term, deal by deal negotiation
- Price driven
- Tends to be agent driven
- Much product is consolidated shipments
- No commitments, but no loyalty



Programmed marketing:

- Proactive with long term commitment
- Long term supply agreements
- Customised product (specs, quality)
- Supply to an ongoing program
- Investment in marketing
- Agreed pricing formula
- Requires critical mass and continuity
- Mutual obligation and loyalty



Supply chain

1. Direct to retailer
2. Consolidators
3. Agents
4. Daigou (Chinese expat network)
5. Own outlets



Food service

- 5 & 6 star hotels
- Expo / casinos
- Western style restaurants
- Airlines and cruise ships
- High end health care
- Themed and franchise restaurants
- Street vendors



Retail in Asia is far more sophisticated than Australia

- Supermarkets
- Hypermarts
- Boutique dine and shop outlets
- On-line and home delivery
- Traditional markets



Getting the product right

- Product customisation to local palettes
- Packaging (size / type / shelf impact)
- Branding
- Messaging
- Country of origin labelling
- Product usage instructions



Language choice, packaging and colour selection all require cultural consideration

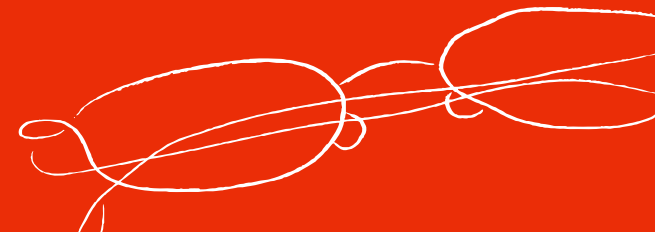


Promotions drive penetration into Asian markets

- Asian and Middle Eastern cultures love a bargain
- Promotions run in both retail and food service
- In-store demonstrations encouraged
- Promotion generates product trial
- Unlike Australia, this converts to customer loyalty
- Drives sales growth with low budget
- Agents also need promotional support



The scale of global markets means export provides
an excellent opportunity for business growth

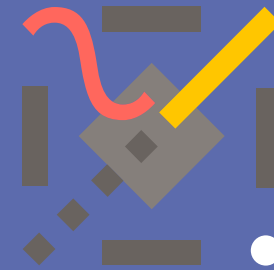


Need help?

McKINNA *et al* has helped hundreds of food and wine businesses to grow export trade.

How?

1. **Market mapping analysis** to help you prioritise markets
2. **In-country trade research** to better understand user perceptions
3. **Export strategy** to guide your team resources
4. **Regional market growth plans** to grow off-shore business units.

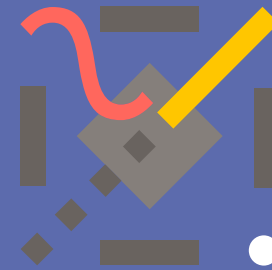


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