

FTAS HELP GOURMET VICTORIAN GOATS' CHEESE CRACK US MARKET

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Victoria's iconic Meredith Dairy brand has leapt from local farmer's markets to smart New York delis in just 15 years. With the help of Australia's free trade agreements (FTAs) – and Austrade's on-the-ground contacts – exports are helping this family-run farm to create an export business that is growing by 20 per cent per year.

The Meredith Dairy farm, near Ballarat in Victoria, has been a family-run business since the 1920s. When lamb prices collapsed in the early 1990's the owners switched to sheep and goat farming. In just a few years, they established a vertically-integrated farming company making and packaging gourmet cheese, and selling into rural markets.

Fifteen years later, the Meredith Dairy brand is a retail phenomenon. The company's flagship marinated goats cheese, sold in distinctive jars with herb-infused oil, has become a regular on supermarket shelves across Australia. The company's unmarinated chèvre is also a hit, helping to create a market for goats' cheese today that scarcely existed 20 years ago.

'We started selling our marinated goats' cheese at local farmers' markets and the reaction was terrific,' says Rugby Wilson, National Sales Manager, Meredith Dairy. 'People kept phoning and asking where else they could get it – first in Melbourne then in New South Wales. Our biggest challenge was cost, so in our early years we were constantly working to get our costs down.'

'Mastering that cost challenge is key for farmhouse producers, but managing cost is also the key to exports – and in the last few years, exports have begun a major part of our business.'



'Austrade's local employees know their local markets; they tend to be long-term employees and they have great networks ... if you engage Austrade commercially, they will build a very strong relationship very quickly.'

Rugby Wilson, National Sales Manager, Meredith Dairy

Growing exports step by step

Meredith Dairy's export journey started in late 2004, with a request from previous customers now living in the US. The company responded by partnering with a US-based importer, and labelling the cheese with the importer's brand.

'Partnering with a US importer was a good way to get going, partly because the importer took responsibility for everything from the farm-gate onwards,' says Rugby. 'After a few years, however, we wanted to grow under our own brand. That meant doing the logistics legwork ourselves.'

Meredith Dairy's first challenge was to obtain a tariff code that made exporting commercially viable for a



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small Australian producer. The Meredith Dairy marinated goats' cheese didn't fit neatly into any low-tariff category. Persistence paid off, and a personal, hand-written note to the US Food and Drug Administration achieved a vital ruling that allowed the company's cheese to enter the US under a new, 9 per cent tariff.

Australia's US FTA pays long-term dividends

Free trade agreements have also played their part. Under the terms of the Australia – US Free Trade Agreement, signed in 2005, the 9 per cent tariff was progressively lowered by 0.5 percentage points per year. This meant that as long as Meredith Dairy could start to build a market in US, its products would become more competitive in the US over time.

To build that market, Meredith Dairy focussed on building its reputation as a reliable supplier.

'We knew that building our brand in the US would be a long process,' he says. 'That meant we didn't try to make margin to begin with, we focussed on sales and responsiveness. So, for example, we made a conscious decision to airfreight to begin with – even though it was about ten times more expensive than sea freight. We only moved to sea freight once we had the volume.'

'With the ability to respond quickly to US demand, we gained a reputation for reliability. For us, creating an export business was about logistics and building relationships. It took time, but our experience shows that small farmhouse producers can crack big overseas markets.'

The Export Marketing Development Grant

In the early days, 'building relationships' meant Rugby getting on a plane, flying to the US and meeting potential distributors. This meant a huge expense with no guaranteed return.

'Austrade's EMDG [Export Marketing Development Grant] was pivotal to our export success,' says Rugby. 'The grants helped us get through the period when I was going over to the US. I used to go to trade shows and I walked the streets, building relationships. This is hard for a small company; EMDG helped make it possible.'

Austrade's US-based personnel also provided on-the-ground support. Rugby worked directly with Austrade in Washington, and engaged Austrade as a commercial partner to help build a distribution network. He also worked with the San Francisco office, which provided him with vital industry contacts.

'Austrade's local employees know their local markets; they tend to be long-term employees and they have great networks,' he says. 'Also, if you engage Austrade commercially, they will build a very strong relationship very quickly. The personnel in the Austrade offices were incredibly helpful.'

Setting up a local company

In 2015, Meredith Dairy hit on the formula that is now powering success – a local limited liability company (LLC). By setting up its own subsidiary in the US, the company made itself easy to deal with for US customers. Since 2015, US sales have doubled.

'Having a local LLC meant that our customers in the US were simply buying off another US company, and that makes it far easier for them to do business with us,' says Rugby.

Setting up an LLC also simplified commercial insurance. According to Rugby, many US companies don't want to deal with counterparties that don't have US insurance, and gaining insurance for an overseas company proved problematic.

'Once we established our local company, we quickly got US insurance and our ease of doing business changed dramatically,' he says. 'We recently landed a contract with Costco in the US and that has proved transformative – we're now shipping two containers per month.'

Canada, quotas and the CPTPP

Canada is Meredith Dairy's next frontier. The Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) creates new quotas for Australian producers. This enables Meredith Dairy to compete in Canadian markets for the first time.

'For us exporting to Canada meant buying quotas, but we were effectively outbid by European producers who already have a presence in the market,' says Rugby. 'The new CPTPP gives us a separate quota that European companies can't access. This makes it far easier and cheaper for us to get our product onto

Canadian supermarket shelves – and Canada is a great market with plenty of high-quality grocery stores.’

Agility is a small producer’s greatest asset

Today, Meredith Dairy is an Australian export success story. Before the company set up its LLC, exports were just 2–3 per cent of company sales. Now, exports are growing at over 20 per cent per year. In 2018, exports made up 17 per cent of the business – a testament, says Rugby, to the company’s long-term export strategy.

Rugby credits Australia’s free-trade agreements, the ability to set up a local company – and the fact that Meredith Dairy is still a small, family-run business.

‘Our size means we are adaptable, so we can make ourselves easy to deal with – and that’s the secret for small companies that want to grow overseas,’ he says. ‘Exporting is a long-term play, but you will reap the rewards later if you steadily build the right relationships.’



About Austrade

The Australian Trade and Investment Commission (Austrade) is the Australian Government’s international trade promotion and investment attraction agency.

We deliver quality trade and investment services to businesses to grow Australia’s prosperity. We do this by generating and providing market information and insights, promoting Australian capability, and facilitating connections through our extensive global network.

We also provide financial assistance for exporters through programs such as the Export Market Development Grants scheme.

To discover how we can help you and your business visit austrade.gov.au or contact us at info@austrade.gov.au or on 13 28 78 (within Australia).

To learn more about Australia’s FTAs, visit www.Austrade.gov.au

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