

AUSSIE CLEANING MANUFACTURER SHINES IN NORTH ASIA

EXPORT CASE STUDY | JUNE 2018

Established in 1995, OzKleen is one of Australia's largest cleaning product manufacturers. Thanks partly to Australia's Free Trade Agreements, the company has secured strong international partnerships, positioning itself as an industry frontrunner.

Starting from humble beginnings in a small shop in Beenleigh, Queensland, OzKleen has been manufacturing some of Australia's most renowned cleaning products for the past two decades. Within six months of opening its doors, OzKleen's 'Shower Power' products outsold all other cleaning products combined, with customers travelling from around the state to stock their shelves.

Having found early success in the domestic market, OzKleen then focused its efforts on pursuing global opportunities. Today, the company sells its products to major retailers across New Zealand, South Korea, Taiwan, China, the UK and Ireland. These overseas transactions now total 30 per cent of the company's overall yearly sales.

Riding the 'export' wave

OzKleen's exporting journey first started in 1998 when the company began shipping its products to New Zealand.

After experiencing considerable success in New Zealand, the company decided to take on Ireland and the UK.

'Initially, we did quite well in Ireland and the UK, but it wasn't long before one of our distributors went into receivership and we lost quite a bit of money from it,' says Tom Quinn, CEO and Managing Director, OzKleen.



'Thanks to the FTAs, we have been able to significantly reduce our landed costs, making our product more price competitive.'

Tom Quinn, CEO and Managing Director, OzKleen

While Quinn concedes this was a setback for the company, he says it was a grounding experience, one that helped shape OzKleen's future export approach.

'Our business decisions are based on sound research,' he says.

'We dedicate a lot of time to investigating each market including potential distributors to ensure we don't find ourselves in the same situation again.'



Australian Government

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Research your market – it pays off

This careful and considered approach to exporting paid off for OzKleen, when in 2012 the company entered into a landmark partnership with multinational goods distributor, Costco.

‘Our partnership with Costco has been really important to our global business expansion. We have been able to export products to a much larger range of markets than we ever thought was achievable,’ Quinn says.

FTAs help lower costs

Leveraging its relationship with Costco, OzKleen has since established an international presence in North Asia.

The Korea-Australia Free Trade Agreement (KAFTA) provides OzKleen with reduced export tariffs on several of its exported cleaning products.

Prior to KAFTA, the tariff for organic cleaning products was 6.5 per cent. Under the KAFTA, the tariff for these products has been eliminated.

Similarly, under the China-Australia Free Trade Agreement (ChAFTA) the tariff for OzKleen’s products was 9 per cent. This is now 1.8 per cent and will be reduced to 0 per cent on 1 January 2019.

Tom Quinn says North Asia will remain an important region for the company as it continues to expand its in-market presence.

‘Thanks to the FTAs, we have been able to significantly reduce our landed costs, making our product more price competitive,’ he says.

‘In Korea, this tariff reduction combined with a positive exchange rate has seen the import price of our cleaning products come down by 10.5 per cent, which makes a big difference to the overall price of the product.’

The benefit of a reduced tariff can also have an extraordinary impact on the customer experience, particularly in the case of Costco, says Quinn.

‘Costco operates on the basis that whatever their price is, they look for a standard mark-up and the rest of the benefit goes to their members. So, every time there is a change in import duty or the exchange rate, it’s passed straight on to the customer. Those reductions have been fantastic for us.’

In-market knowledge is power

For those looking to export to North Asia, Tom Quinn says it’s important to recognise and understand cultural differences.

‘Business processes in North Asia are very different to those in western countries such as New Zealand or the UK,’ he says.

‘We found it really helpful to work with someone who was familiar with the market before entering. This helped us to better understand how to interact with local distributors and gave us connections to prospective partners.’

Tom Quinn says it’s also important for new exporters to believe in their products or services and persevere through the hard times.

‘Entering global markets was a daunting experience for us because we knew we couldn’t match our competitors on price,’ he says.

‘While we did go through some rocky periods, we had faith in our products and knew they were high quality. This helped us find the confidence to keep on going and succeed.’

To find out more about Australia’s FTAs, visit austrade.gov.au/fta

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