

CHINA'S SOFT SPOT FOR AUSSIE SOFT SERVE

EXPORT CASE STUDY | JULY 2018

Frosty Boy Australia is a leading manufacturer and distributor of a range of powdered desserts and beverages. Having exported its products around the world since 2001, the company is continuing to expand its business in Asia, thanks to Australia's Free Trade Agreement with China.

Producing some of Australia's most iconic dairy products, Frosty Boy is best known for its range of soft serve ice-creams, frozen yoghurts and beverages.

The Gold Coast-based company has 70 employees located predominately in Brisbane, as well as in India and their newly opened Philippines office, and has grown significantly in the last 12 months.

The secret to the company's success lies in understanding its local and global markets, having a robust business expansion plan and continually driving innovation throughout the business.

Exporting grows businesses

In 2001, after 25 years of successfully supplying the Australian market, Frosty Boy turned its sights to the global market. Since then, the company has expanded its export trade to 56 countries.

Managing Director of Frosty Boy, Dirk Pretorius, says exports have played a vital role in the company's growth, 'We have not only increased the number of product lines we export, but due to the growth in our exports, we've also invested in new dairy equipment and accessories to increase our production.'



'Our exports now make up 70 per cent of our business. Since 2001, we have seen an average yearly growth of about 17 per cent. If it weren't for exports, we definitely wouldn't be able to achieve that.'

Dirk Pretorius, Managing Director, Frosty Boy Australia

'Our exports now make up 70 per cent of our business. Since 2001, we have seen an average yearly growth of about 17 per cent,' he says.

'It is definitely our exports that have enabled us to achieve this kind of growth.'

Looking to capitalise on Australia's Free Trade Agreements (FTAs), Frosty Boy began to ramp up its push into China by recently employing a senior China expert to grow the market for Frosty Boy. Pretorius says China's large demand for dairy is helping the company to meet its global expansion plans.

'China's population is vast, and with that comes a large demand for dairy. By focusing on this market, we've estimated our exports from this market will continue to double each year,' Pretorius says.



Australian Government

Australian Trade and Investment Commission



The China-Australia Free Trade Agreement (ChAFTA) has reduced Chinese tariffs on a number of Frosty Boy products. Under ChAFTA, the tariff on ice-cream has reduced from 19 to 3.8 per cent, with total tariff elimination scheduled to occur from 1 January 2019.

These tariff reductions have helped lower Frosty Boy's export costs. Pretorius says ChAFTA has also helped bring global awareness to its entire range of products.

'Tariff reductions have long-term benefits for business, but it's the awareness of our products under ChAFTA that has truly paid dividends,' he says.

'ChAFTA has done a great job in creating a reputation for Australian products as being high-quality, clean and safe. This means we can enter the country with an established reputation, giving us an advantage among our competitors.'

Cultural differences can prove challenging

As with most exporting journeys, Frosty Boy encountered some challenges along the way.

'When we first began exporting, we found it challenging to understand all the cultural differences between each of our markets,' Pretorius says.

'To overcome this, we spent a lot of time immersing ourselves in each culture and embracing their practices and traditions.'

Pretorius also speaks to the value of exercising mutual respect and treating customers like business partners.

'Partners and customers notice very quickly whether you respect them. If you can demonstrate an appreciation for their culture and their way of doing business, then they too will be more inclined to treat you with the same level of respect,' he says.

'Do this, and you'll always get along as partners.'

Cultural differences in food preferences was also a challenge faced by the company, with Pretorius saying they had to create a number of new flavours to suit their new customers.

'We had to be really flexible and willing to adjust the flavours of our products to fit with the taste of our markets,' he says.

'We now produce over 150 different vanilla ice-creams because each market is so unique.'

Know your export market

For those thinking about exporting, Pretorius says it's important to pick the right market and know it well.

'It is critical to know which markets will be successful for you; something that takes a lot of time and research.

'You need to understand who your competitors are and what the price point is. You should also spend time in country meeting with potential partners and forming relationships early. This will save you a lot of time and money in the long run.'

Pretorius says Austrade is an invaluable resource for all exporters, regardless if they are new to the game or not.

'When you're entering a new market, Austrade can be really helpful in setting up meetings, facilitating grants and giving your business credibility at an early stage.'

But Pretorius cautions against relying solely on Austrade to help businesses succeed on the global export stage.

'You shouldn't expect Austrade to open every door for you and close every deal. While they're a valuable resource, at the end of the day your export success will depend on how well you know your product, customer and market.'

For more information about Australia's Free Trade Agreements, visit austrade.gov.au/fta

About Austrade

The Australian Trade and Investment Commission – Austrade – contributes to Australia's economic prosperity by helping Australian businesses, education institutions, tourism operators, governments and citizens as they:

- › develop international markets
- › win productive foreign direct investment
- › promote international education
- › strengthen Australia's tourism industry
- › seek consular and passport services.

Disclaimer

Whereas every effort has been made to ensure the information given in this document is accurate, the Australian Trade and Investment Commission does not provide warranty or accept liability for any loss arising from reliance on such information.

©Commonwealth of Australia 2018