

ARTISAN CRISP BREAD COMPANY BREAKS NEW GROUND

FTA CASE STUDY | JUNE 2019

Founded in 2003, Ricci's Bikkies has taken its preservative-free crisp breads all the way from local delicatessens to national retail chains. With the help of Australia's free trade agreements, its distinctive artisan pittas are now appearing on supermarket shelves in the US and China.

Ricci McAuliffe began baking commercially in her kitchen in 2003, and quickly spotted a gap in the market for artisan crisp breads. Her recipe proved a sensation. Each week, demand doubled. In rapid succession, Ricci found herself selling to cafes, wineries, delicatessens and one of Australia's largest supermarket chains.

With Ricci's husband, Ross, on board, the couple pondered broader horizons. The crisp bread product was ripe for export: although preservative free, its shelf life extended from six months to one year. An invitation from Victoria's trade representative in Southeast Asia proved a commercial turning point.

'I was buoyed by the success we had in Australia, and when the Victorians asked us to join a trade mission to Singapore I thought: "why not export?". We travelled to the FHA [Food and Hotel Asia] event and our crisp breads triggered instant interest. I felt like we could be world beaters.'

FTAs 'crucial' to small food exporters

Australia's free trade agreements (FTAs) have proven vital to Ricci's Bikkies and its export strategy.

'FTAs are absolutely essential for a small business like ours that cannot reduce production costs,' says McAuliffe. 'Paying the normal tariffs can easily double the price of our product overseas. For us,



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One-on-one support has also proved essential. According to McAuliffe, 'every little bit of help' he receives from Austrade advisors and trade commissioners when he's overseas can make a big difference – and turn a potentially challenging new country into a superb new opportunity.

Zero tariffs open US markets

One of these opportunities is the United States – a difficult market for non-American food manufacturers, but a relatively open market for Australian producers courtesy of the Australia – United States Free Trade Agreement (AUSFTA).

'We went to the US because our non-preservative, non-additive brand gave our product clear



Australian Government

Australian Trade and Investment Commission



differentiation on US supermarket shelves,' says McAuliffe. 'We were the healthy option and our product clearly stood out.'

Under the AUSFTA, tariffs on toasted breads and similar products have been eliminated. This gives Ricci's Bikkies a competitive edge over similar European crisp breads sold in the US.

'We had an incredible level of sales in the US in 2018–2019,' he says. 'But we've also had plenty of personal support from the highly experienced people in Austrade and from the Victorian Government.'

Help in challenging markets

Austrade's professional advisers have also helped in more challenging markets. According to McAuliffe, China has proved a hit-and-miss destination for Ricci's Bikkies. Large orders have been followed by long silences, and enthusiasm isn't always matched with intent.

'When we first went to China, we went with a super trade mission and we were told not to expect immediate success – and then we sold 10 pallets on our first day,' says McAuliffe. 'But we've also found you can get a great order from China but then no follow-through.'

According to McAuliffe, new market entrants have to be cautious. He reports plenty of excitement at trade shows, but many retailers in China have limited experience of buying from Australian companies. On the positive side, prior to the China-Australia Free Trade Agreement (ChAFTA), the tariff for Ricci Bikkies' products into China was 20 per cent. However, since January 2019, the tariff has been eliminated as a result of ChAFTA.

'China is a very fast-growing market and you only need one hit – one buyer that really understands your product,' says McAuliffe. 'China is definitely something you shouldn't ignore if you're going to export.'

'You have to look after your intellectual property and we paid \$2,500 to register our trademark in China. But I think it's worth it if you want to trade there and it's a small price to pay.'

The agility of small exporters

The United Arab Emirates is now one of the company's largest overseas markets. McAuliffe says that his company's growth in the Gulf holds lessons for other small exporters.

'Make sure you do lots of research early on, so that you have the right product for the right market,' he

says. 'In practice this means finding out who you want to sell to and whether your product fits their purchasing criteria. This is where joining trade missions is incredibly valuable.'

McAuliffe also says that in some ways, being small is an advantage in global markets. He observes that compared to large multi-nationals, small exporters are more nimble.

'It's very easy for a small company like ours to add flavours to a product so that we tailor it to a specific market,' he says. 'For example, we don't have hundreds of thousands of dollars sunk in a particular line of packaging, so if we want to adapt quickly we can. In global trade, being small means you can be flexible, and that is a fantastic advantage.'

To learn more about Australia's FTAs, visit www.austrade.gov.au/fta.

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- › strengthen Australia's tourism industry
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