



Australian Innovative Farming Conference

Prospering in a Global Environment

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Tim has responsibility for the dairy and food processing industries in Australia. In his presentation, Tim will outline the global trends for various commodities and show what successful businesses are doing in order to prosper in both local and export markets.

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Globalisation – impacts on agribusiness



Globalisation: typified by freer movements of

- People: travel, relocation, immigration
- Ideas: business concepts, culture
- Capital: both indirect and direct investment
- Goods: declining barriers to trade

Globalisation – impacts on agribusiness



Globalisation: impacts include

- Changing cultures (including diets)
 - Westernisation of Asia, rise of Ethnic cuisine in Australia
- Freedom of low cost producers to supply markets
 - Increased access to offshore markets
 - Increased competition for imports
- Global expansion of food and textile manufacturers
 - Processing capacity quickly reallocated to most attractive regions
- Global expansion of retailers, food service providers

Yum! Brands Restaurants in Asia (2005)



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Yum has 4,606 units in top 10 Asian markets

Globalisation – impacts on agribusiness



- Global expansion of retailers, food service providers
 - Increased purchasing power
 - Reduction in suppliers used (increased regional/global sourcing)
 - Direct sourcing
 - Rise of house brands
- Ideas and technology spreading more rapidly
 - Commoditisation accelerating

Prospering – Rocky Point Prawn Farm



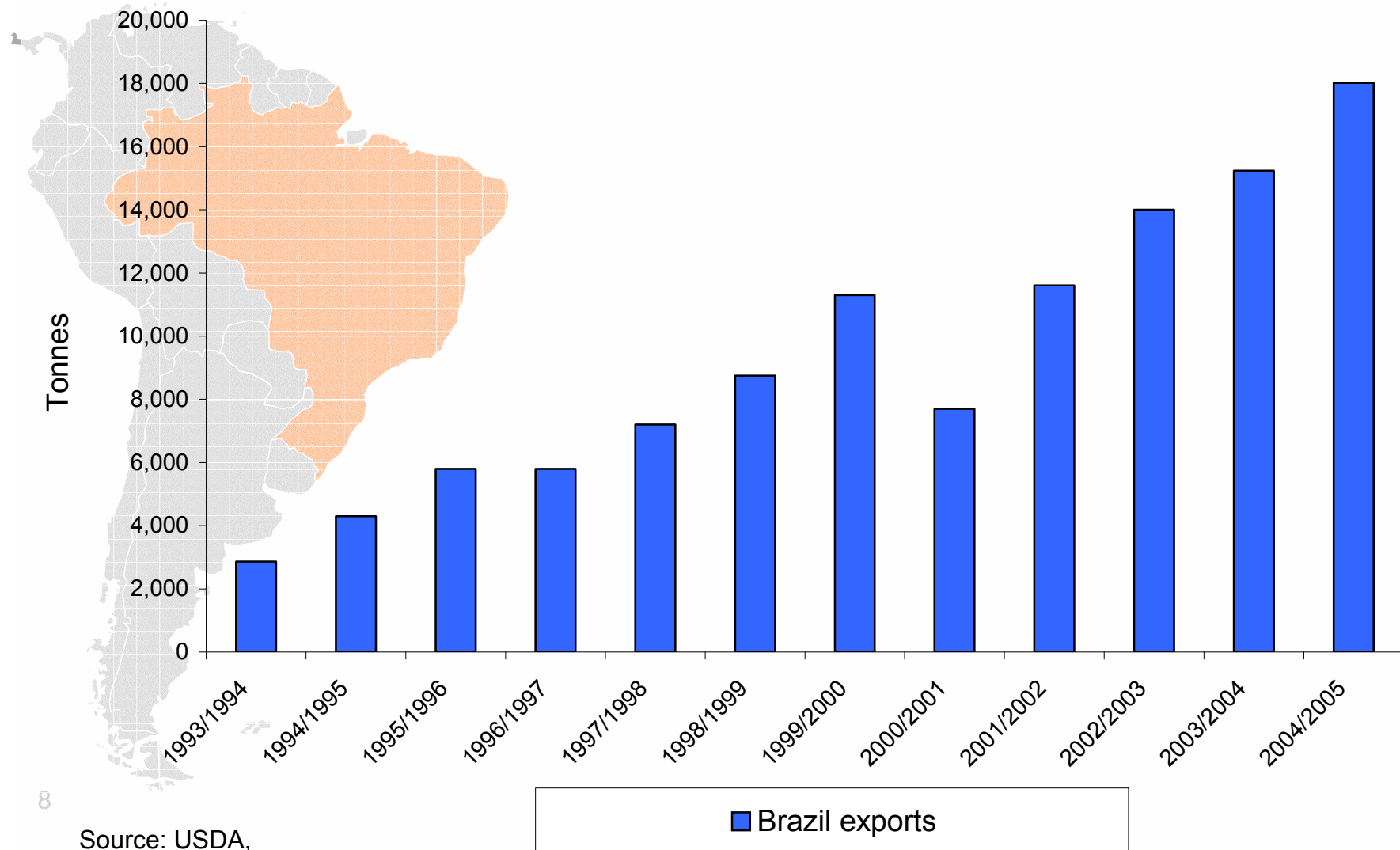
Starting point

- Existing sugar farm operation

Global Sugar market – the rise of Brazil



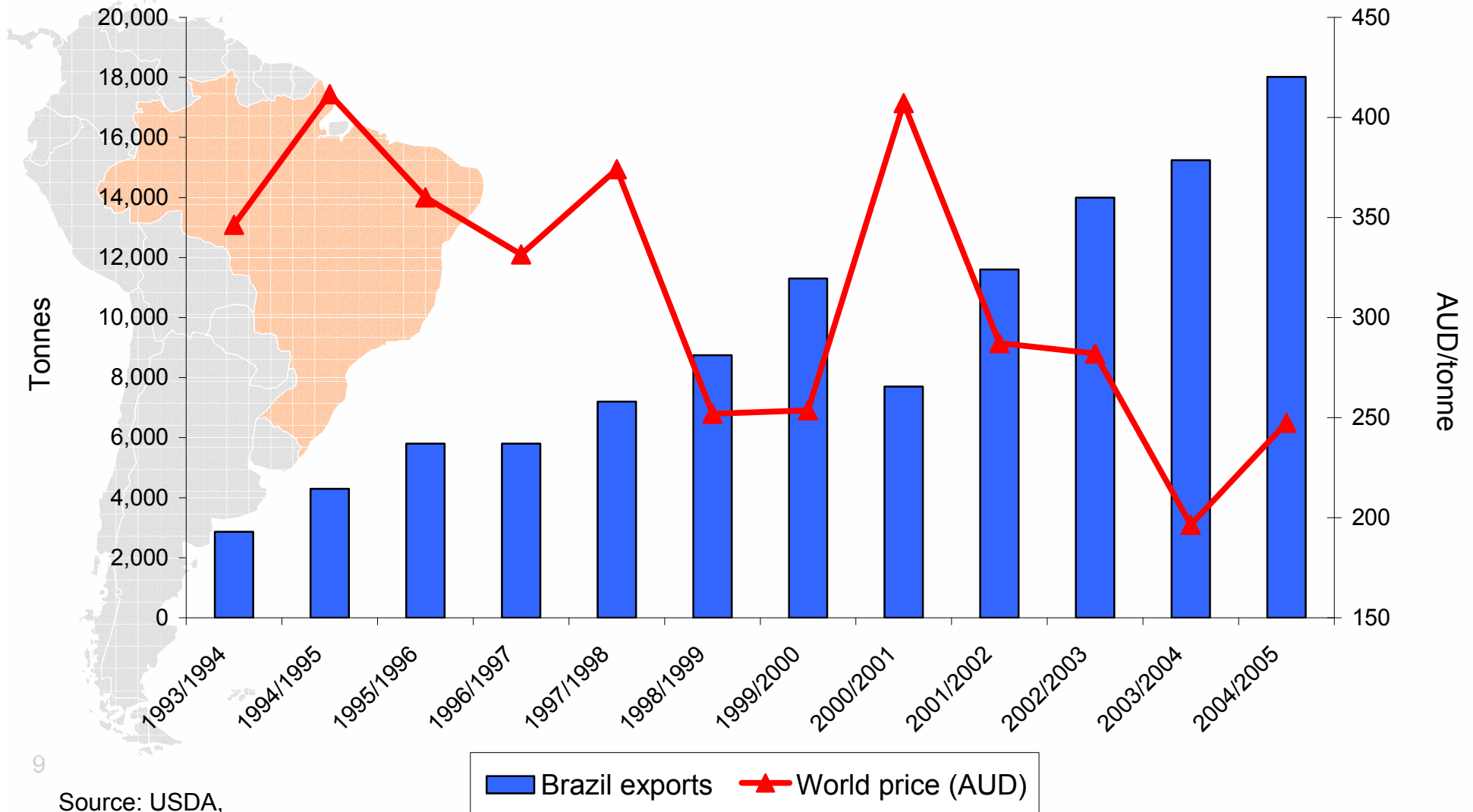
Sugar - the rise of Brazil



Global Sugar market – the rise of Brazil



Sugar - the rise of Brazil



Prospering – Rocky Point Prawn Farm



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Starting point

- Existing sugar farm operation

Brazil increases production,
sugar prices slump

Phase I

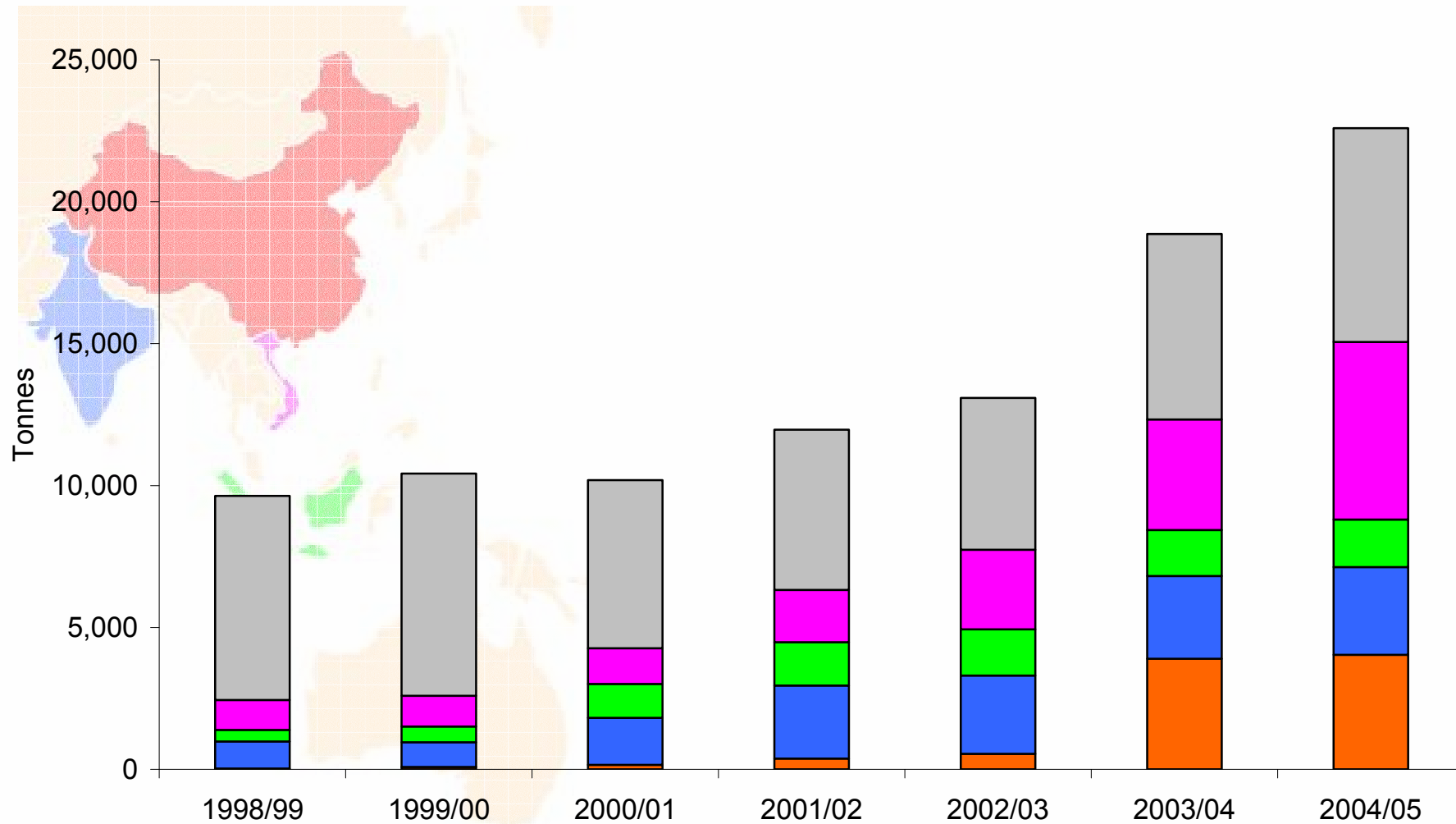
- Launched an aquaculture operation
- Sold domestically (incl major retail chains)

Global Prawn market – the rise of Asia

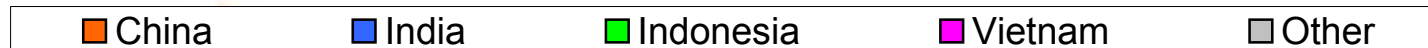


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Australian Prawn Imports (fresh, chilled or live)



Source: ABARE

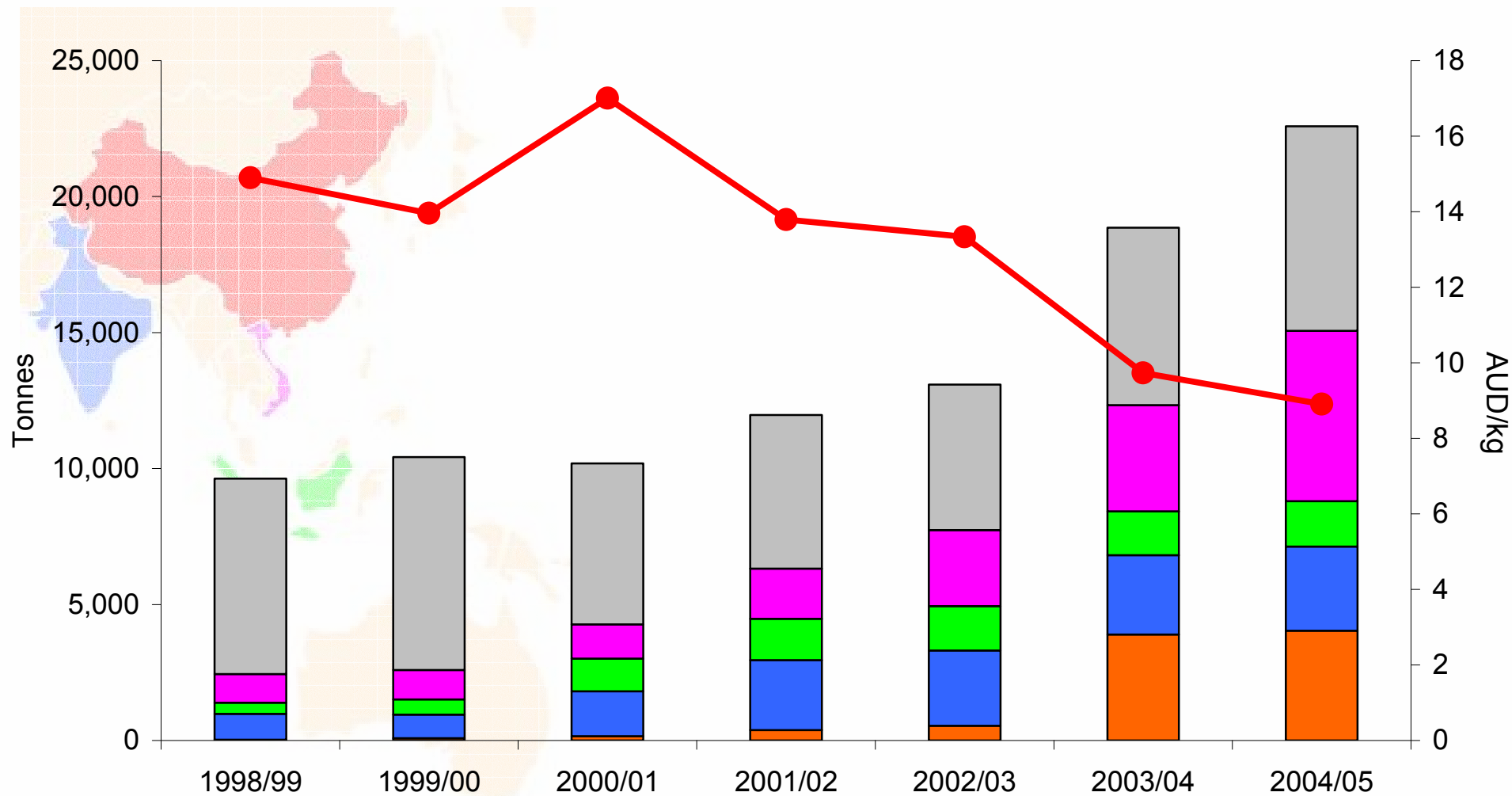


Global Prawn market – the rise of Asia

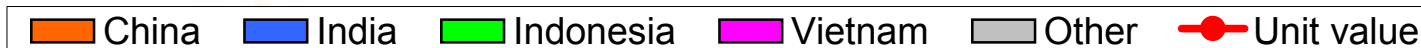


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Australian Prawn Imports (fresh, chilled or live)



Source: ABARE



Prospering – Rocky Point Prawn Farm



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Starting point

- Existing sugar farm operation

Brazil increases production,
sugar prices slump

Phase I

- Launched an aquaculture operation
- Sold domestically (incl major retail chains)

Rise of low cost producers in Asia,
retailers increase import sourcing

Phase II

- Investigated prawn species and markets
- P. Japonicus
 - Capital intensive, advanced technology
 - Requires subtropical climate
 - Japan major producer (Aust counter seasonal)
 - Bought live in Japan

Spread of ideas

Selling via auction
price fluctuation, identify loss,
no customer contact

Prospering – Rocky Point Prawn Farm



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Phase III

- Visited Japan for market research
- Bypassed auction system for direct selling
 - Price stability
 - Premium for brand
 - Ability to tailor for end user

Direct sourcing

Oil price surge
AUD appreciation

Phase IV

- Re-directed 50% of shipments to Australia

Rising local demand

Prospering – DTR Holdings



Starting point

- Bundaberg based company
- Looking for a balance between existing sugar farm business
- And a value add/non price-taking business

Low cost competition

Phase I

- Maintained sugar business for rotational purposes/diversity/finance
- Developed a horticultural business selling locally

Recognised was still a price taker

Phase II

- Investigated key trends in the US horticultural markets
- Targeted the premium end (between commodity and niche)
- Identified several products not widely grown in Australia
- And with strong market growth potential

Globalisation of ideas
Tapping into ethnic cuisines

Prospering – DTR Holdings



Phase II (cont)

- Successfully developed primary production and processing
- Moved to direct selling to customer base
- Became a preferred supplier of MNCs expanding in Asia
 - Meant dealing with customers with significant buying power
 - But transaction costs are low
 - Premiums derived for quality, manuf. stds and systems
 - And strict requirements limit low cost competition
- Exporting to 16 countries
- Direct national supplier to Australia's retail chains

Direct sourcing

Changing diets

Globalisation of
companies

Phase III

- Constantly investigating and commercialising opportunities to transfer food trends across borders

Globalisation of ideas

Tapping into ethnic cuisines

Lessons on prospering in a global environment



- Willingness to evaluate the business
- Ability to identify market trends
- Extensive research and planning
- (Reallocation of some but not all resources to new ideas)
- Developed strong direct relationships with customers
- Quality and technology as a comparative advantage
- Constant drive to innovate
- Appreciation that even good ideas may have a time limit
- *Invested in developing their own skills*

Innovative farm businesses drive globalisation, as well as responding to it



Thanks for your attention