

— The Australian Market



Advancing to Australia: what you need to know

Australia, our closest neighbour, has been New Zealand's first port of call for traders since colonial times. Today, for the majority of Kiwi firms Australia is still an attractive, and seemingly easy, first step into exporting. But there are still traps for those who go unprepared.

Australia and New Zealand are inextricably connected. While both countries are fierce rivals on and off the sportsfield, 'Kiwis' and 'Aussies' share a mutual respect; common bonds and history; travel freely and frequently across each other's borders; and share similar business values and a love for trading goods and services with each other.

Each market is almost an extension of the other – albeit somewhat lopsided with New Zealand's entire population (4,885 million) a shade less than the state of Queensland (4.99 million).

Australia's fast-growing population (24.899 million) is a magnet for New Zealand firms looking to scale up beyond the domestic market, but not prepared to jump into more distant, and complicated, jurisdictions such as Southeast Asia. However, once New Zealand companies succeed in Australia, they often look further afield to larger markets that have increasing numbers of wealthy and discerning consumers willing to pay for our premium products, such as China.

A number of companies opt to bypass Australia altogether. Tech companies in particular have been known to head straight for the US.

And then there are export firms that use Australia as a stepping stone – often into the fast-growing Southeast Asian market or beyond to Europe.

Looking at the Australian market – while it is highly competitive, we can still count ourselves lucky that that we have such a significant, wealthy and diverse market so close to us. One that has been subject to a free trade agreement with us for many years (CER-Closer Economic Relations) and features a reasonably harmonised business and regulatory culture.

"Australia consistently offers good opportunities to New Zealand companies willing to invest in understanding the Australian consumer," says David Powell, an Australia market specialist who, through his New Zealand-based consulting group Lost Ark Discoveries has helped hundreds of New Zealand companies cross the Tasman.

Powell highlights two of the graduates from his 'Path

to Market' exporter workshops – Pic's Peanut Butter and Chia NZ. He recalls being with Pic Picot, the owner/CEO of Nelson-based Pic's Peanut Butter, when he accosted strangers in Sydney streets to get them to try his product.

"Pic's has gone from strength to strength [in Australia] through sound investment in market relationships, a great product and one of the highest price points in the segment."

As for Chia, Powell says the company was on one of his workshops in 2016 and now has more than 400 accounts in Australia for its hydrolysed chia seed café-style drinks.

"It is an incredible example of the founders putting in the hard yards, listening to advice, doing research and spending time in market."

Powell believes Australia still needs to be the first market for the majority of Kiwi firms, and that done well it can provide a strong springboard for other markets.

"I once wrote an article called *Blinded by China* where because of enthusiastic government agency policy and glowing media [reports] companies get taken off track to more glamorous markets and invariably fail," he says. "Australia is a lucrative market and worth doing right. It's an ideal first market but it's not a nursery."

As to the impact that e-commerce is having on the traditional retail landscape across the Tasman, while Australia has had significant market entries from players such as Amazon, and the e-commerce market there is growing, Powell can't see the 'bricks and mortar' shopping culture at the high end of the market being shoved aside any time soon.

Understanding the market

Australia is a regular holiday destination for a large number of New Zealanders, and we may think we understand how the market ticks. But we could be way off the mark, suggests Powell.

"Australia appears very similar as the proliferation of Australian television programs in New Zealand has created a familiarity/contempt thing," he suggests. "In



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