Organic Industries

Voice of Australia's organic industries

Export Strategy

Taking the guesswork out of exporting organic products

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EXPORT CONNECT

Organic Federation OF AUSTRALIA

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Preface

About this project

Australian organic exports have grown gradually over the past three decades, but the Australian organic sector lacks a coordinated export strategy to leverage potential export growth and direct efforts to where there will be greatest comparative advantage.

The aim in the project is to improve strategic and organisational capacity in export market knowledge and access for Australia's organics industry.

The project comprises a suite of initiatives to leverage the strong fundamentals for growth and international demand, with a view to focussing efforts in target export markets where there is greatest comparative advantage.

The project is co-funded by the Australian Government and is aligned with its agriculture market access priorities:

- helping Australia's agriculture sector to realise export opportunities
- contributing to the negotiation of protocols for new and improved market access
- resulting in real gains in access, providing additional returns to Australian farmers and food producers

The project outcomes are:

- enhanced industry capability to facilitate exports of organic produce, especially in new markets or for new commodities
- enhanced knowledge of the competitive advantages of Australian organics in key target markets
- enhanced understanding of market access requirements, consumer preferences and demographics
- to enhance export market readiness in the organic sector, especially in new markets or for new commodities

Definition of organics

"Organic" is defined by the *National Standard for Organic and Bio-Dynamic Produce* (Edition 3.7, 2016) published by the Department of Agriculture and Water Resources.

In the National Standard, organic means "the application of practices that emphasise the:

- use of renewable resources; and
- conservation of energy, soil and water; and
- recognition of livestock welfare needs; and
- environmental maintenance and enhancement, while producing optimum quantities of produce without the use of artificial fertiliser or synthetic chemicals."

The National Standard sets out the prescribed organic management practices, being a set of authorised organic farming systems <u>and</u> operator practices.

Data sources

Global data is sourced from the 20th survey of certified organic agriculture worldwide, carried out by the Research Institute of Organic Agriculture (FiBL) with many partners from around the world. The results are published jointly with IFOAM—Organics International.

Australian exports data presented in this strategy is for 2018 and sourced form *Australian Organic Market Report 2019*. Data is based on tonnages exported and certified by the major Australian organic certifiers.

Global trends are sourced from Euromonitor International's *Top 10 Global Consumer Trends 2019*.

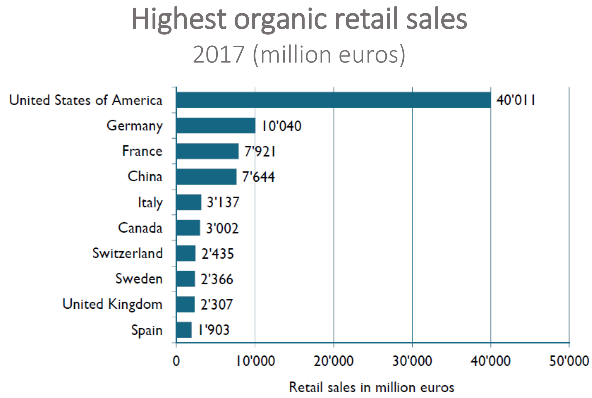
Executive summary

Global opportunities

Organic food and drink sales reached $US97 billion in 2017. This is an increase of 8.1 per cent over 2016.

The largest single market was the United States (47 per cent of the global market), followed by the European Union (37 per cent) and China (8 per cent).

Market growth was noted in all countries for which 2017 data was available, and in many cases, sales growth was in the double digits.



The World of Organic Agriculture 2019

Australian organic exports

Australian organic export data is poor, but overall indicates continued growth in export opportunities.

Almost 40 per cent of organic exports (by tonnes) went to North America. A little under a third of exports were destined for East Asian markets (including Mainland China, Hong Kong, Taiwan, South Korea, Japan, and Mongolia).

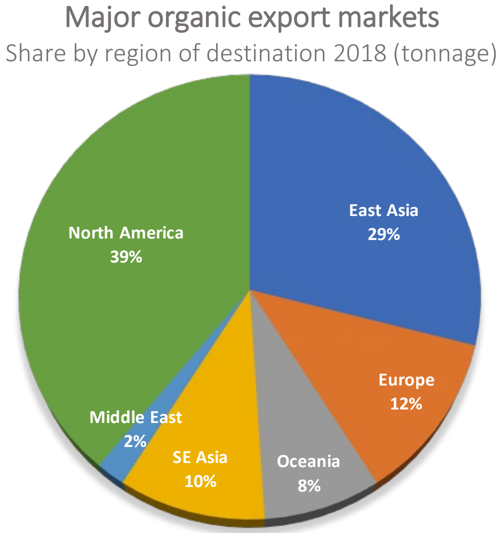
The top five export destinations were:

- USA
- China
- New Zealand
- South Korea
- Singapore

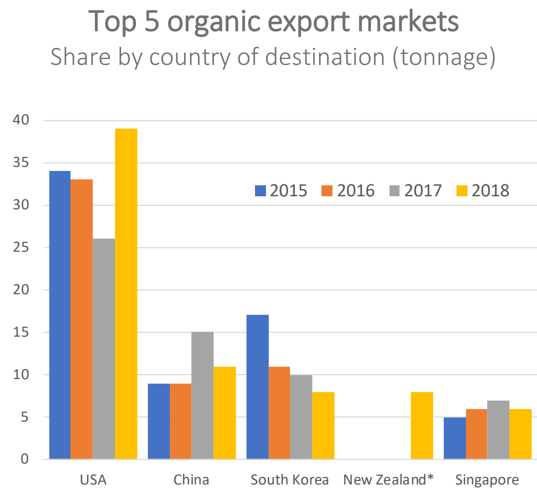
These top five destinations account for around two-thirds of export tonnages. The USA remains the most important market. South Korea has historically been the second most important export market; however, it has been taking a declining share of tonnages over recent years, as exports to other countries increase at a faster rate.

The USA is the dominant export destination for beef (90 per cent of export tonnage) and lamb (77 per cent).

Significant growth in Singaporean imports of Australian-produced organic fruit and vegetables



Australian Organic Market Report 2019



Australian Organic Market Report 2019

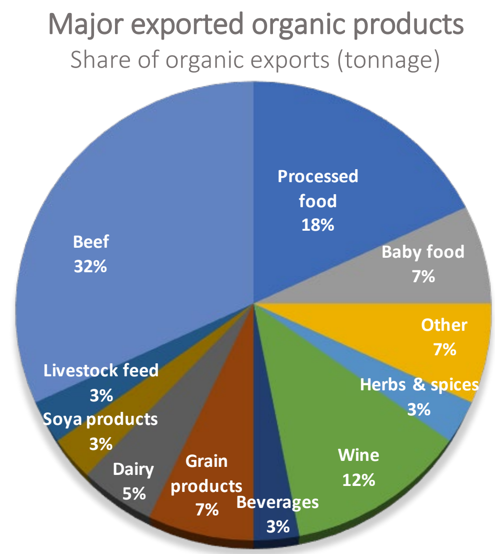
** Japan in 2015 & 2017; Hong Kong in 2016* has seen it eclipse the USA as the most important export market for that produce (46 per cent of export tonnage).

South Korea is the largest importer of Australian produced organic soya products (87 per cent of export tonnage).

Mainland China and Hong Kong are important markets for dairy, baby foods and formula, and eggs.

Sweden is a strong market for Australian organic wines (39 per cent of export tonnage). Japan is the largest market for Australian organic nuts (54 per cent).

Beef (32 per cent), processed foods (18 per cent) and baby food (7 per cent) collectively account for more than half of all organic export tonnage.



Australian Organic Market Report 2019

Australian organic export strategy

To leverage growth in global opportunities for organic exports, Organic Industries of Australia Ltd developed an export strategy to achieve the following objectives:

- break down technical barriers to trade for Australian agricultural exports and securing new and improved access to premium markets
- strategic, operational and tangible improvements in market knowledge and access for the Australian organics industry, covering all states and territories and commodities, and a platform for engagement and co-operation with markets
- provide a platform for aligning government, industry and commercial efforts to boost organic exports
- specify clear and measurable organic industry export priorities

Australia is recognised globally as a reliable supplier of quality organic products

Product Integrity	• Every part of the export supply chain must reinforce organic standands
Brand Australia	• Leverage perceptions of clean and healthy production methods
Equivalency	• Improve market access by assisting the Government on equivalency deals
RDC Collaboration	• Work with RDCs to deliver commodity specific export programs
Export culture	• Support potential organic exporters with professional development
Market Knowledge	• Provide industry with the knowledge to underpin successful exporting
Value-Adding	• Assist industry to access premiums through appropriate value-adding

In adopting the export strategy, Organic Industries of Australia Ltd set the following targets over the period 2019-24:

- annual growth in organic trade volumes and values of 15 per cent
- exports of organic products have doubled by 2024 in volumes and value
- the peak body is recognised as an important facilitator of organic exports
- equivalency arrangements in place by 2024 with the USA, EU, South Korea and China

Implementation actions 2019-24

Action	Due	Product Integrity	Brand Australia	Equivalency	RDC Collaboration	Export culture	Market Knowledge	Value-Adding
Organic certification								
Work with certifiers to ensure high standards for product integrity	Ongoing	•	•					•
National Standard aligned with key importing country standards	Ongoing	•		•				•
Improve resourcing of the National Standards Sub-Committee	Jun 20	•						
Prioritised list of changes required to achieve equivalencies	Jun 20	•		•				•
Industry support activities								
Develop a self-assessment Export Readiness Checklist	Dec 19					•		
Annual market visit program	Aug-Sept		•			•	•	•
Develop an export skills workshop program	Dec 19	•	•			•	•	•
Employ a strategic exports facilitation officer	Aug 20	•	•		•	•	•	•
Collaborate with governments								
Lobby and assist the Government on achieving equivalency deals	Ongoing	•		•				•
Access Commonwealth/State programs to improve exports	Ongoing	•	•		•	•	•	•
Incorporate organic into Manual of Importing Country Requirements	June 20	•					•	
Employ a government liaison officer	Aug 20	•		•	•			
Modify OPCs to incorporate value information	June 20	•				•	•	
ABS to amend AHECCs to classify organic produce	Ongoing						•	
Improve export knowledge								
Annual organic exporters Q&A forum with expert panel	Sept		•			•	•	•
Deliver one annual country-specific trade workshop	April		•			•	•	•
Showcase organic exports at annual organic industry conference	Sept		•		•	•	•	
Provide exporters with networking opportunities	Ongoing		•		•	•	•	•
Periodical newsletter—opportunities, challenges, events, programs	Quarterly	•	•	•	•	•	•	•
Develop online portal that catalogues events and programs	Dec 19	•	•	•	•	•	•	•
Develop an online portal of market knowledge	Dec 19	•	•			•	•	•
Develop an online portal with export development tools	Dec 19	•	•			•	•	•
Strategies to improve Brand Australia awareness in export markets	April 19	•	•			•		
Annual survey of export intentions and experiences	April	•	•	•	•	•	•	•
Collaborate with RDCs								
Develop a relationship with each RDC to collaborate on exports	Dec 19		•		•	•	•	•
Work with RDCs to address RD&E gaps and opportunities	Ongoing				•			•
Work with RDCs to elevate export potential of organic products	Ongoing		•		•	•	•	•
Work with Wine Aust to develop organic as a winning wine category	Ongoing		•		•	•		•
Evaluation								
Annual review of progress against targets	June						•	

Supporting organic exporters

Australia's organic industries cover the full range of commodities and do not have a specifically publicly funded R&D and marketing body. Consequently, the organic industry's export market guide has been designed on user-pays principles. The export strategy and some initial market knowledge have been possible through seed funding from the Australian Government.

The organic industry approach has been to build a customisable and user-pays repeatable framework which may be applied on a commodity basis in selected markets. A key issue for implementation is to partner with commodity-based RDCs to develop organic marketing programs.

This is a customisable and repeatable approach. The approach can be tailored between extremes of:

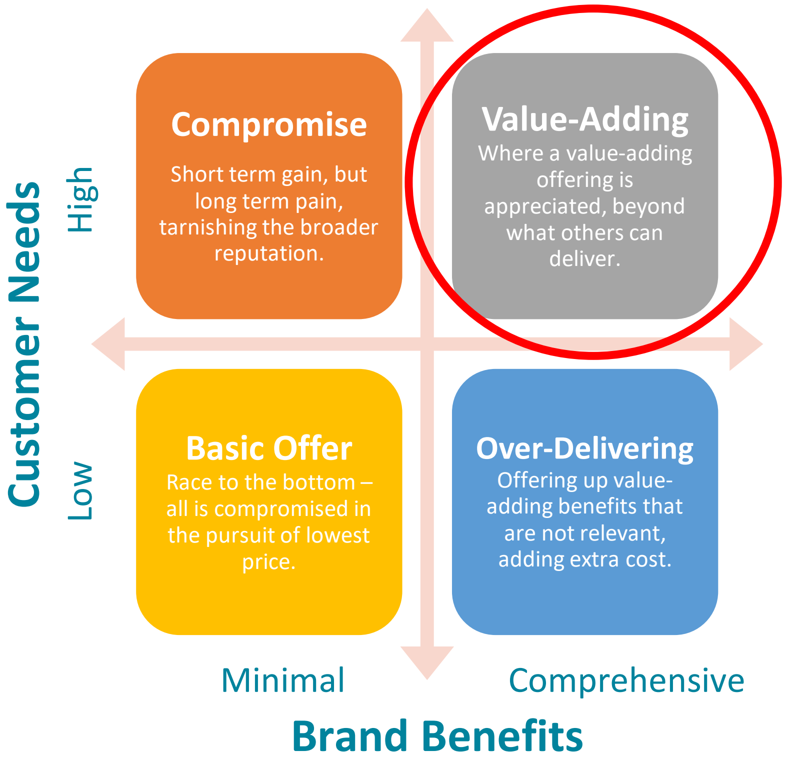
- *highly bespoke—incorporating detailed market analysis, consumer surveys, in-country analyst expertise*
- *relatively inexpensive—applying judgement, client insights and using readily available market information*

General approach to marketing

Most organic producers fall into two categories:

- those who have excess production that is shipped overseas through distributors—in which case, all facets of export are handled by the distributor, and there is minimal need for assistance
- those who wish to diversify their market exposure and access price premiums for quality products
    - this producer needs assistance to develop a value-adding export strategy
    - the trick is not to get caught into an over-delivering or compromise strategy

The over-arching principle underlying the organic industry export strategy is therefore to employ value-adding marketing methods. In particular, organic exporters will leverage the Brand Australia concept.



Value-Adding

The organic industry can value-add across several dimensions:

- service—ability & willingness to trim & tailor product to customers own specifications
- **responsiveness**—meet changing requirements and address issues as they arise (i.e. the need for local adaptation)
- consistency (tolerance)—deliver within a tight quality band so the customer can build market trust
- standards—provide reassurance as to the product's integrity and environmental credentials
- year-round delivery—provide 'base load' so that the customer can rely upon as the primary supplier
- collaborative development—develop the category and drive consumer desirability (i.e. own consumer brand)
- innovation—continuously evolve the offering to reflect the needs of a dynamic market
- stylish—a brand that is aspired to be owned by the end user (conveys sophistication, class and wealth to others)

Brand Australia

Australia enjoys very strong brand imagery in many markets, as it has a reputation for having a fresh, healthy, sunny environment. These markets are particularly well suited to targeting organic exports, which embody clean and healthy production methods.

Food scandals in the past have made Chinese parents increasingly interested in premium brands and organic ranges, which they perceive as more trustworthy. This is particularly true in the organic baby food category, which is boosting growth of organics in China.

Challenges in market readiness

Our analysis of the market readiness of market program participants has raised a range of challenges.

Key Export Challenge	Proposed Solution / Delivery	Notes
1. The required skills, knowledge, experience and culture is lacking among emerging and existing exporters.	• Online workshops • Face-to-face workshops • Forums with export expert panelists • Online export readiness tools • Networking opportunities	• Export readiness focus • Market readiness focus • Workshops and forums delivered for a fee to ensure suppliers serious about export attend • Regional and capital city locations • Where possible, hosted by members • Utilise existing capability building programs and tools offered by FIAL, Austrade, ECA, EFIC etc
2. Price competitiveness of Australian products in export markets	• No specific solution • Foreign exchange and export pricing will be covered in export-readiness activities	• As per key export challenge #1
3. Lack of unique selling proposition or lack of ability to pitch USP in order to compete on non-price factors	• In-market competitor analysis to better understand price and product differentiation • Incorporate pitching skills in activities addressing key export challenge #1	• In-market competitor analysis is cheaper to deliver when aggregated across multiple suppliers • When incorporating pitching skills to workshops, key is to allow time for role-playing.
4. Technical market access	• Online workshops • Face-to-face workshops • Forums with export expert panelists • Online market access tool • Networking opportunities	• Workshops and forums delivered for a fee to ensure suppliers serious about export attend • Regional and capital city locations • Where possible, hosted by members • Build online market access tool
5. Fragmentation of resources and lack of coordinated messaging from Governments and industry bodies	• Periodical newsletter to keep suppliers up to date on key opportunities, challenges, events, and programs • Develop online portal that catalogues events and programs; incorporate link in industry websites (OIA, AOL etc.)	• Broadcast across all potential stakeholders comprehensive and consistent updates across relevant opportunities, events, and programs
6. Lack of market research to better understand product and packaging needs and opportunities	• Periodical letter to keep suppliers up to date on market insights; covering opportunities and challenges • Develop online portal that catalogues market insights; incorporate link in industry websites (OIA, AOL etc.) • For the more export-ready suppliers, undertake market visit programs	• Aggregated directory of market insights that are both category- and market-based will significantly reduce the time and resources spent searching for market information • Market visit programs best deliver market understanding as they include market research, supermarket visits, and engagement with buyers and stakeholders
7. Access to timely market insights	• Periodical letter to keep suppliers up to date on market insights; covering opportunities and challenges	• As per key export challenge #6

Key Export Challenge	Proposed Solution / Delivery	Notes
	• Develop online portal that catalogues market insights; incorporate link in industry websites (OIA, AOL etc.) • For the more export-ready suppliers, undertake market visit programs	
8. Many suppliers have a weak domestic market presence	• Develop a domestic market development program to help suppliers establish broader and deeper channel reach in Australia • Tap into existing domestic market development programs including 'Entrepreneur's Program', 'SmallBiz Connect' etc.	• A strong Australian market base provides a solid foundation to launch into export markets
9. Poor understanding of export timelines and investment	• Incorporate in: o online workshops o face-to-face workshops o forums with export expert panelists o online export readiness tools o networking opportunities	• As per key export challenge #1
10. The lack of scale and continuity of supply	• Incorporate in: o online workshops o face-to-face workshops o forums with export expert panelists o online export readiness tools o networking opportunities	• As per key export challenge #1

Contents

1. Global assessment

Continued market growth

Global organic market:	$97 billion
USA (47%):	$45 billion
Germany (12%)	$11 billion
France (9%):	$9 billion
Per capita consumption	
Switzerland	$325
Denmark	$315
Sweden	$268

The World of Organic Agriculture 2019

According to the latest FiBL survey on organic agriculture worldwide, organic retail sales continued to grow and reach another all-time high.

Organic food and drink sales reached $US97 billion in 2017. This is an increase of 8.1 per cent over 2016.

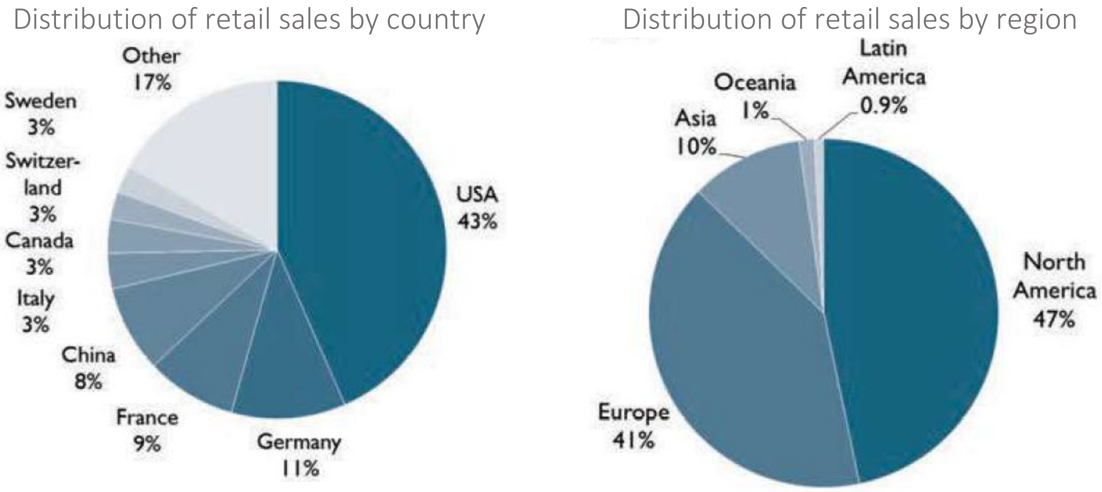
The largest single market was the United States (47 per cent of the global market), followed by the European Union (37 per cent) and China (8 per cent). The highest per-capita consumption in 2017, with almost 300 euros, was found in Switzerland and Denmark. The highest organic market shares were reached in Denmark (13.3 per cent), the first country with an organic market share of over ten percent, Sweden (9.1 per cent), and Switzerland (9 per cent).

Organic sales in the USA totalled approximately $US49 billion ($US45.2 billion in food sales) in 2017, reflecting increased sales of almost $US3.5 billion from the previous year. Organic food now accounts for 5.5 percent of total food sales in the USA. Continued growth will be underpinned by the *Agricultural Improvement Act* of 2018, which establishes permanent funding for organic research and makes significant strides to improve the oversight of global organic trade and safeguard the integrity of organic.

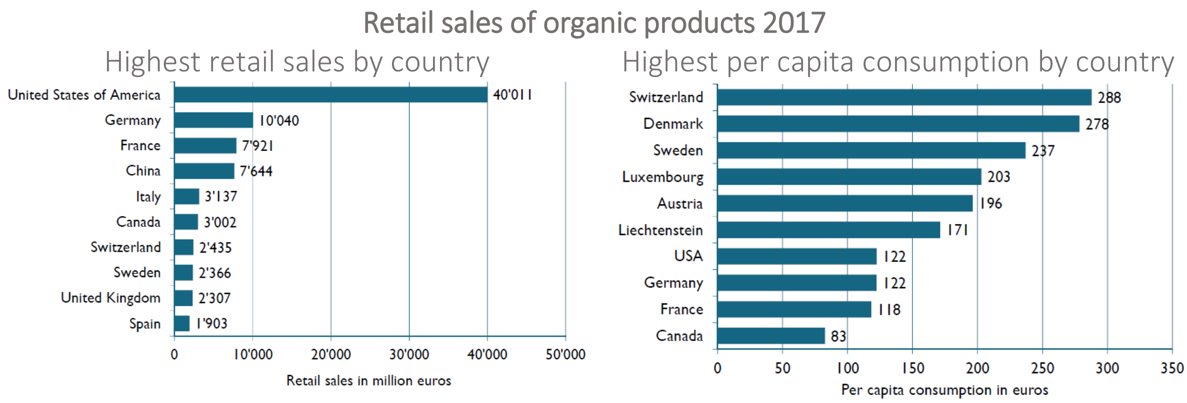
Market growth was noted in all countries for which 2017 data was available, and in many cases, sales growth was in the double digits. France was the countries that registered the largest growth, with the market increasing by 18 per cent. In Spain, the market grew by 16.4 per cent, and in Liechtenstein and Denmark the market increased by over 15 per cent each.

Whereas the highest per capita consumption by continent is in North America (119 euros), by country it is highest in European countries. In 2017, Switzerland had the highest per capita consumption (288 euros) worldwide, followed by Denmark (278 euros) and Sweden (237 euros).

Global markets 2017



The World of Organic Agriculture 2019



The World of Organic Agriculture 2019

Global markets for organic food and drink

North America

North America remains in the largest market for organic products, with the region's organic food market valued at $US48.7 billion in 2017. Of this, the US has the largest market for organic foods in the world, worth $US45.2 billion.

Fruits and vegetables continued to be the largest organic food category, recording $US16.5 billion in sales with 5.3 per cent growth and representing 14.1 per cent of all US fruit and vegetable sales.

The organic dairy and egg category had one of its most challenging years. Although still the second-largest selling organic category, sales grew just 0.9 per cent to $US6.5 billion. A new wave of supply hit the market just as demand for organic dairy began to shift to more plant-based offerings. The supply of organic milk, however, did lead to increasing organic ice cream sales by over 9 per cent, and organic cheese sales rose by almost 8 per cent.

With inadequate supply of domestically grown organic grain, imports of organic grains have soared, ballooning from $US42 million in 2011 to $US401 million in 2016.

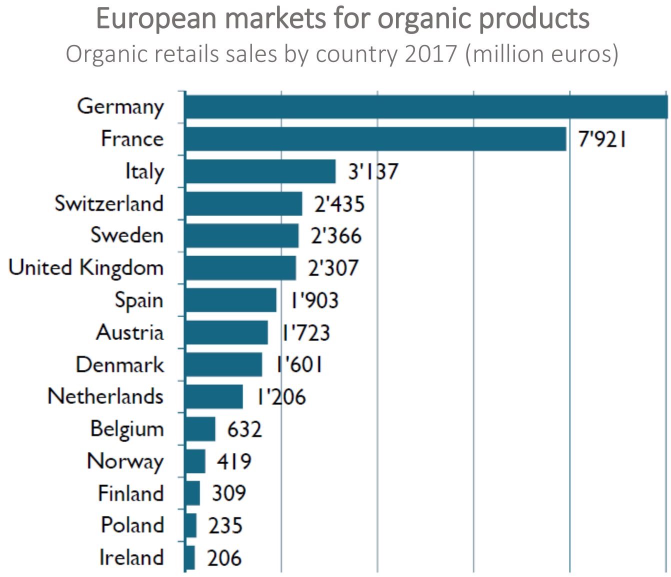
The North American organic food market is characterised by mergers, acquisitions and investments. Such activity has led to large operators, which operate at every level of the supply chain. Whitewave Foods, a leading organic food enterprise, was set up by the purchase and merger of several organic food entities. The French multinational Danone acquired Whitewave Foods for 12.5 billion US dollars in July 2016. General Mills, a large American food company, bought Annie's in 2014. It also owns a brace of other organic food brands. UNFI, a leading wholesaler and distributor of organic foods, acquired Supervalu in July 2018. Supervalu is a conventional supermarket chain, with about 3,000 American stores.

At the retail side, Whole Foods Market became the world's largest natural and organic food retailer by buying rivals in USA, Canada and the UK. It was bought by Amazon for $US13.7 billion in June 2017. Amazon is now actively promoting the Whole Foods Market 365 and related private labels on its online platform.

Retailer private labels play an important role in North America. Kroger, the second largest food retailer, announced that sales of its Simple Truth private label products surpassed $US2 billion in 2017. The Simple Truth brand houses a wide range of organic, natural and free-from products.

Europe

Valued at $US39.6 billion, the European market for organic foods is the second largest in the world. Healthy growth continued in most country markets in 2017, with some countries (such as France and Denmark) reporting exceptional growth.

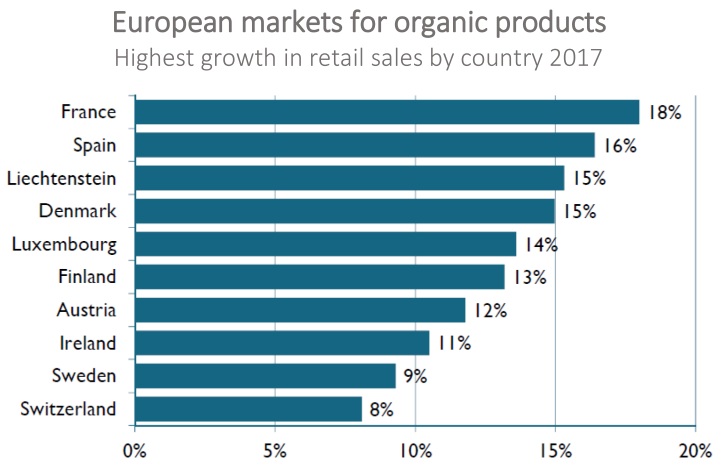


The World of Organic Agriculture 2019

Germany continues to be the largest market in Europe (10 billion euros) and, after the United States, is the second biggest organic market in the world. France holds second place in Europe with 7.9 billion euros.

Europe has the largest concentration of organic food retailers in the world. Most are located in Germany, France, and Italy. Much of the growth however is coming from mass market retailers, such as supermarkets, hypermarkets, and discounters. Almost all leading food retailers are marketing organic foods under their private labels. In countries like Switzerland and Denmark, retailer private labels generate the most sales for many organic product categories.

Organic foods are also making inroads in the catering and foodservice sector, with a growing number of restaurants, cafés, bars, and canteens using organic ingredients and / or serving organic products. Some governments are encouraging schools and government canteens to use organic ingredients.



The World of Organic Agriculture 2019

Central & Eastern European countries, such as Poland, Hungary, and Romania, have traditionally been important growers and exporters of organic crops. However, internal markets are slowly developing in these countries.

In many European countries, organic eggs are one of the success stories within the total retail market, and they reach impressive proportions of the total market.

Organic fruit and vegetables continue to be highly popular purchases among European organic consumers. Organic vegetables have the highest market shares after eggs, representing 10 percent or more of the sales value of all vegetables sold in countries such as Switzerland, Austria, Denmark, and Sweden.

In Sweden and Switzerland, organic dairy products are reaching organic market shares of 10 per cent or higher. In Denmark, organic milk has an organic market share of 30 per cent.

European markets for organic products

Organic shares for retail sales values (euros) for selected products 2017

	Austria	Belgium	Czech Republic (2016)	Denmark	Finland	France	Germany	Netherlands	Nor-way	Spain	Sweden	Switzerland	UK
Baby food					15.0%	12.7%			33.1%				
Beverages			0,4%			5.%			0.6%		5.6%	3.3%	
Bread & bakery products		2.4%	0.4%		1.0%	3.4%	8.%	1.4%	1.9%		3.5%	4.9%	0.3%
Eggs	21.6%	14.5%		32.6%	17.0%	29.6%	21.%	15.3%	8.7%	2.9%		26.6%	6.9%
Fish and fish products		0.4%				2.5%		1.2%	0.8%	0.6%	12.9%		0.8%
Fresh vegetables	15.3%			20.4%	3.9%	6.3%	9.7%		4.5%	3.3%	12.2%	23.1%	4.3%
Fruit	10.9%			18.8%		7.7%	7.8%		2.3%	1.7%	18.4%	13.9%	2.7%
Vegetables and fruit			1.3 %		3.9%	6.9%		4.0%				16.9%	
Meat and meat products	4.5%		0.2%		1.1%	2.4%	2.5%	3.3%	0.5%	1.2%	2.9%	5.6%	1.4%
Milk and dairy products	11.1%		1.4%			4.4%		4.3%	2.0%	1.1%	10.4%	12.9%	3.8%
- Butter	10.6%	4.7%		16.4%		5.6%	4.5%		3.1%				2.1%
- Cheese	9.6%			5%	3.%	1.6%	4.7%		0.7%			6.7%	1.1%
- Milk	18.5%	3.3%		31.6%	4.%	12.7%	12.1%		4.0%			16.7%	5.9%
- Yoghurt	13.9%	8.5%		18.6%	2.%	6.9.%	8.1%		0.7%				8.2%

Individual products can reach even higher market shares. Organic oatmeal (over 52 per cent in Denmark) or organic savoury bread spreads (59 per cent in Germany) are good examples. On the other hand, products like organic beverages (except wine) and meat (especially poultry), have low market shares in many countries.

Asia

Asia has the third largest market for organic products. Historically, the most important consumer markets were in Japan and South Korea; most developments are now occurring in the Chinese and Indian market.

While organic market data is not available for most countries in Asia, FiBL estimates that at least 9.6 billion euros of organic products were sold. For China, 7.6 billion euros were reported for 2017, making the country the world's fourth largest market for organic products. Furthermore, Japan has a large organic domestic market valued, 1.4 billion euros, and South Korea reported a market of 330 million euros.

A transition is taking place whereby countries are moving from an export to domestic focus. Organic foods are in demand as a growing middle class seeks food products that are better for their health and avoid contentious agricultural chemicals. Food scandals and health scares are a major driver in Asia. China has a large market for organic products partly because the country has experienced several food scandals; including selling rotten meat, sewage oil in food products, contaminated pork and beef, as well as numerous incidents of adulteration and counterfeiting.

Latin America

Brazil has the largest market for organic products in Latin America. Like Asia, demand is coming from a growing middle class that is seeking healthy nutritious foods. Conventional food retailers comprise most organic food sales. Farmer markets are also important in Brazil, with many producers selling direct to consumers. Other Latin American countries, such as Argentina, Peru, Chile, and Colombia, have export-oriented organic food markets.

Global trends

Euromonitor International's *Top 10 Global Consumer Trends for 2019* is a review of emerging fast-moving trends, providing insight into changing consumer values and priorities and exploring how consumer behaviour is shifting and causing disruption for business globally.

Wiser consumers

Previously shoppers relied on a certain brand or information source to get what they wanted, now companies must constantly innovate, drive prices down and streamline and aestheticise their offerings to entice shoppers.

At the root of the Everyone's an Expert trend is the almost compulsive need for digital consumers to absorb and share information. As internet retailing continues to increase globally, all industries will have to adapt to consumers' new demands to stay relevant.

Immediacy

Efficiency-driven lifestyles transcend instant gratification. *I Want it Now!* consumers seek frictionless experiences that mesh with their lifestyles, allowing them to dedicate more time to their professional or social lives. Central to this concern is the management of user data and a company's access to this data. The public's trust toward this access and how it will be used will ultimately determine the longevity of this trend.

Authenticity

Consumers are searching for authentic, differentiated products and experiences which allow them to express their individuality. Consumers in developed economies are re-evaluating their spending habits, moving away from overt materialism to simplicity, authenticity and individuality. As emerging economies develop further, the same pattern is likely to emerge, with consumers tiring of generic products and starting to place more value on higher quality, unique and differentiated offerings, which convey a certain level of status.

Minimising packaging waste

The durability of plastic packaging is being scrutinised because of plastic's polluting presence, post-consumer use, as waste in the global environment. Consumers will increasingly use their wallets to protest the irresponsible use of plastic, which could, in turn, create a virtuous circle where industry, from food and beverages to beauty and personal care manufacturers and beyond, stand to gain by improving sustainability.

Conscious consumers

Today's Conscious Consumer is flexible and chooses for the moment. What used to be the domain of ethically positioned niche producers is now being embraced by conventional companies through higher welfare alternatives of existing products. Conscious Consumers are influential, and the trend will spread to others. Animal welfare concerns will evolve further and extend to other industries beyond food, beauty and fashion, to home care, home furnishings, pet food and so on. The meaning of responsible business is shifting, demanding companies improve minimum animal welfare standards even for regular products.

Joy in missing out

The fear of missing out has now given place to the re-appropriation of self-time as people find joy in missing out. To protect their mental wellbeing, consumers want to be more intentional with their time, to set their own boundaries and be more selective in their activities. Globally, millennials feel the need for this re-empowerment more strongly than other generations. Planned disconnection provides them with time to reflect and to act freely, focusing on what they really want and enjoy doing. And in developing markets, reliance on the internet may be the origin of higher stress levels, especially when being connected is so linked to essential services.

Digital connections

From dating to education, we have grown to expect more authentic, life-like interactions online. As our technological capabilities and comfort using them grow, so will the range of things we can do digitally together.

Our growing comfort with sharing our friends, location and activities online will only lead to the development of new ways to engage. As our technological capabilities and comfort using them grows, so will the potential of what can be created or experienced together, remotely.

Loner living

Globally, the number of single-person households will outpace the growth of all other household sizes, and baby boomers are expected to comprise a large share of this growth. While baby boomers may have been well known for the high rate of divorce among their cohort, many of those in the younger generations have rejected marriage and cohabitation altogether. They are setting the stage for a trend that is bound to outdate their generation. People across the world are bucking the stigma of living alone and embracing their independent lifestyles and enjoying *Loner Living*.

Age agnostics

The key to winning and retaining loyalty and trust is to develop products and services that are universally accessible even while designed with older people in mind. Baby boomers have much more in common with the values and priorities of millennials and younger generations then many realise, and it is this inclusive mindset that needs to be better understood and catered for in the future.

Overall, later lifers are in better financial shape than the rest of the population, boasting the highest spending power among all age groups. In 2018, those aged between 50–59 years—many of whom are still working, have reached senior positions or have inherited wealth from their parents—will earn an average 28 per cent above the average earnings of all age groups.

Market risks

Although organic food sales are growing at a healthy rate, there are still persistent challenges.

Rising number of standards

The number of organic standards continues to increase. There are over 80 national standards and a higher number of private /voluntary standards for organic agriculture. Although there are single organic standards for the major trading blocs (Europe and the US), operators outside these regions must consider multiple certification. New private standards like Regenerative Organic (introduced in March 2018) continue to be launched, adding to the certification complexity.

Demand concentration

Organic crops are grown in 181 countries; however, two regions generate roughly 90 percent of organic food sales. If the organic food market is to become truly international, organic foods should not be perceived as "luxury products" for the western world. Internal markets need to develop in Latin America, Asia, and Africa.

Supply shortfalls

Organic food supply appears to be lagging demand. Organic food sales increased almost four-fold between 2003 and 2017; however, the amount of organic land area increased less. If this trend continues, then there are concerns about shortfalls in organic food supply.

Trade agreements

The global organic food industry is also being affected by trade wars and geopolitics. For instance, the US and China have been locked in a trade war since 2017. This has hit exports of agricultural (conventional and organic) crops from the USA, including soybeans, corn, fruits, vegetables, nuts, and dairy products. Similarly, the UK organic food sector is likely to be affected by Brexit, since most organic raw materials are from other European countries. European countries are also the main destinations of organic food exports from the UK.

Competing labels

Organic is the dominant eco-label; however, the food industry now has over 200 labels that represent some ethical / sustainability attributes. Consumers now have a variety of options when they want to buy foods with health attributes and / or sustainability aspects. In terms of ethical labels, there is competition from Fairtrade, Non-GMO, Rainforest Alliance, etc. There is also competition from vegan foods, and free-from foods (gluten-free, dairy-free, etc.).

2. Current organic exports

In 2018, Organic Produce Certificates issued by the major certifiers indicated organic goods were despatched to more than 60 different countries.

Almost 40 per cent of organic exports (by tonnes) went to North America. A little under a third of exports were destined for East Asian markets (including Mainland China, Hong Kong, Taiwan, South Korea, Japan, and Mongolia).

The top five export destinations were:

USA
China
New Zealand
South Korea
Singapore

These top five destinations account for around two-thirds of export tonnages. The USA remains the most important market. South Korea has historically been the second most important export market; however, it has been taking a declining share of tonnages over recent years, as exports to other countries increase at a faster rate.

The USA is the dominant export destination for beef (90 per cent of export tonnage) and lamb (77 per cent).

Significant growth in Singaporean imports of Australian-produced organic fruit and vegetables has seen it eclipse the USA as the most important export market for that produce (46 per cent of export tonnage).

South Korea is the largest importer of Australian produced organic soya products (87 per cent of export tonnage).

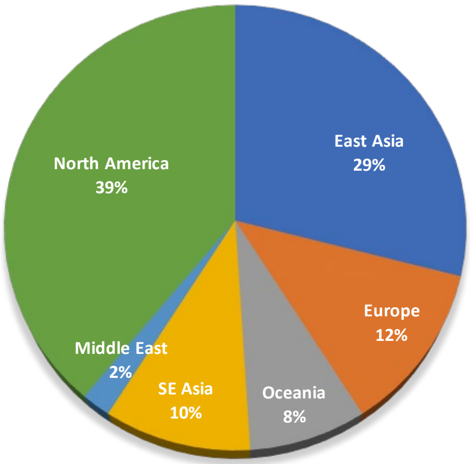
Mainland China and Hong Kong are important markets for dairy, baby foods and formula, and eggs.

Sweden is a strong market for Australian organic wines (39 per cent of export tonnage). Japan is the largest market for Australian organic nuts (54 per cent).

Beef (32 per cent), processed foods (18 per cent) and baby food (7 per cent) collectively account for more than half of all organic export tonnage.

Major organic export markets

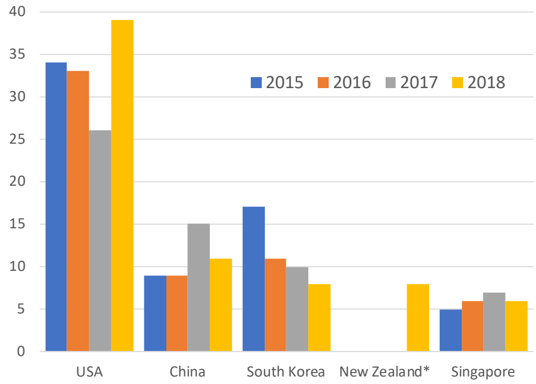
Share by region of destination 2018 (tonnage)



Australian Organic Market Report 2019

Top 5 organic export markets

Share by country of destination (tonnage)

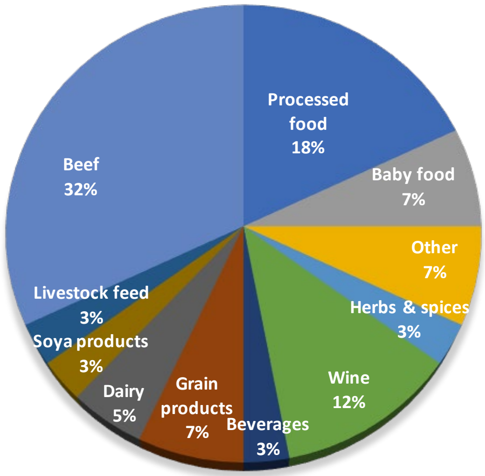


Australian Organic Market Report 2019

** Japan in 2015 & 2017; Hong Kong in 2016*

Major exported organic products

Share of organic exports (tonnage)



Australian Organic Market Report 2019

3. Market knowledge

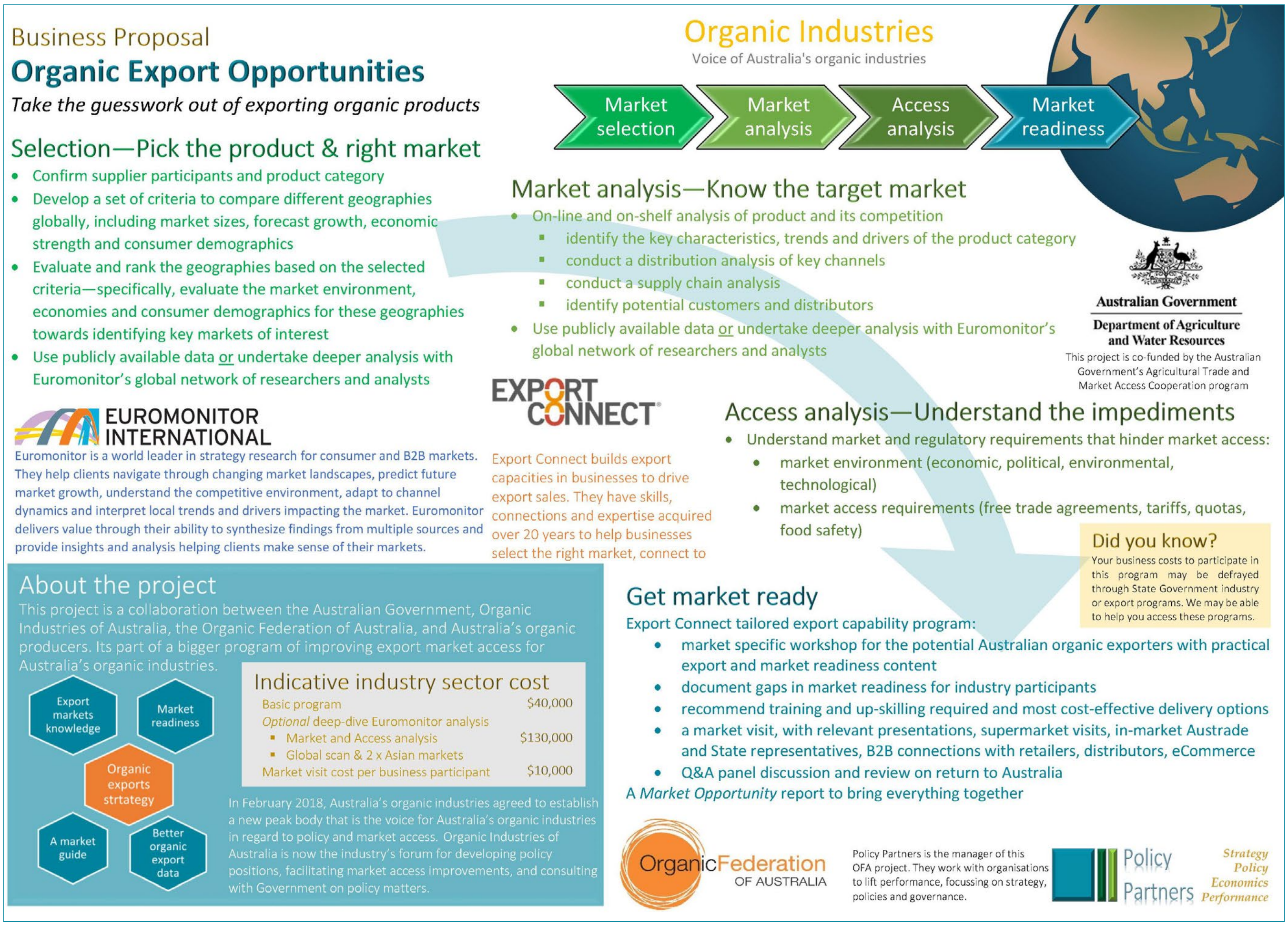
A different approach for organic

Australian agricultural commodities are subject to statutory R&D and marketing levies collected at different parts of the supply chain. These funds are provided to commodity-based Research & Development Corporations together with a matching contribution from the Australian Government.

These publicly funded RDCs are resourced to building customer and consumer awareness of Australia's positive attributes through supporting strategic partners and delivery of promotional activities. They connect commercial parties together to assist in building awareness of the positive attributes of Australian commodities to increase the confidence domestic and international customers have in the product. They also conduct promotional activities to support commercial partners to build demand and consumer awareness of these positive attributes.

In comparison, Australia’s organic industries cover the full range of commodities and do not have a specifically publicly funded R&D and marketing body. Consequently, the organic industry’s export market guide has been designed on user-pays principles. The framework and some initial market knowledge have been possible through seed funding from the Australian Government.

Essentially, the organic industry approach has been to build a customisable and user-pays repeatable framework which may be applied on a commodity basis in selected markets. A key issue for implementation is to partner with commodity-based RDCs to develop organic marketing programs.



This is a customisable and repeatable approach. The approach can be tailored between extremes of:

- *highly bespoke—incorporating detailed market analysis, consumer surveys, in-country analyst expertise*
- *relatively inexpensive—applying judgement, client insights and using readily available market information*

Global assessment

Detailed global data analysis

In conjunction with Euromonitor International, the industry developed a framework to:

- validate and prioritise the key attractive markets for specific Australian organic categories—based on a set of criteria with parameters selected by the client
- compare the countries, including market sizes, forecast growth rates, competitive environment, economic strength and demographics
- evaluate and rank the countries based on the selected criteria
- evaluate the market and competitive landscape for the identified countries
- select the most attractive countries to conduct a deep-dive assessment to further explore the market access requirements and consumer preferences

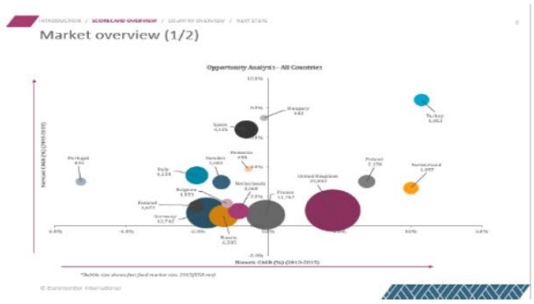
The *Global Assessment Scorecard* is a Passport-based opportunity matrix designed to leverage socio-economic and industry data within Euromonitor's Passport database. It is combined with Euromonitor's industry team expertise and the client's success criteria to effectively select and weigh core indicators that identify, screen and prioritise market opportunities.

These scorecards are designed to arrive at relevant countries by applying varying levels of "weights" to the selected metrics in Euromonitor's Passport system. The best way to make the most of a scorecard and apply the client's own expertise is by weighting each metric according to its importance to the client's business. Weighting directly influences scores by adding a multiplier to each metric, inflating the scores of the most important (most weighted) metrics and reducing the scores of the less important metrics (least weighted). This has a direct influence on the final country ranking, as countries with the highest scores among the top-weighted metrics will inevitably rise to the top.

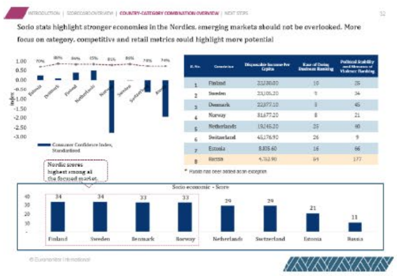
To restrict the number of potential conflicts with data and geography availability, Euromonitor's project team selected the following metrics for the top 20 markets based on the category's current market size. The number of metrics is limited to 15 to allow each metric's value to have an impact on the final scores generated. The default metrics are as follows:

- Market environment—***category***:
    - Market size
    - Absolute growth/decline
    - Historic CAGR performance (%)
    - Forecast CAGR performance (%)
    - Per capita consumption of category
- Channel—*industry*:
    - Combined distribution sales % of the top three channels (e.g. supermarkets, convenience, e-commerce, etc.)
- Competitive environment—***category***:
    - HHI (Herfindahl-Hirschman Index) to illustrate market concentration
    - Share of top 3 players—company shares
- Economies & consumers
    - Population forecast CAGR (%)
    - Disposable income per capita
    - Real GDP growth
    - Consumer expenditure on food/drink products
    - Consumer expenditure on category (% total consumer expenditure)

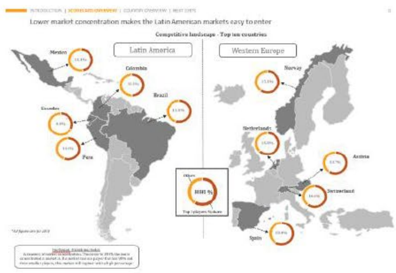
Summary



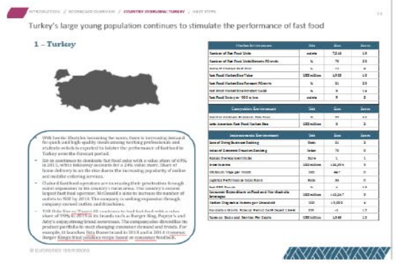
Category Metrics



Socio-economic Metrics



Competitive Environment



Opportunity Profiles

The Global assessment scorecard can be undertaken by Euromonitor at a detailed product level (e.g. packaged baby foods) for less than $20,000 per product category. Organic Industries of Australia will manage the process and negotiate the best price for the client.

Client selected

At the other extreme, many customers will already know which market they wish to target. This may be based on an understanding of the success of other exporters, cultural or geographical factors, or personal experiences.

In this case, the global assessment can largely be reduced to a priority list nominated by the client.

Market analysis

The industry developed two approaches to providing clients with market analysis:

- a framework with Euromonitor for undertaking very detailed market analysis augmented with expertise from in-country market analysts and surveys
- a lower cost desktop review of existing market analysis augmented with experiential learnings

The market deep-dive analysis can be undertaken on a user-pays basis by Euromonitor at a detailed product level (e.g. packaged baby foods). Organic Industries of Australia will manage the process and negotiate the best price for the client. Indicative prices for three different tiers of countries are as follows:

- Tier 1 countries—lesser complexity (e.g. China, Indonesia, Thailand) $40,000
- Tier 2 countries—medium complexity (e.g. New Zealand, Ireland, Spain) $50,000
- Tier 3 countries—most complexity (e.g. US, UK, Canada) $60,000

In comparison, the lower cost desktop review can be undertaken for just a few thousand dollars per country.

Market deep-dive analysis

The research and analytical approach for three separate components of this analysis—market landscape analysis, market access analysis and export readiness assessments—will be conducted by Euromonitor. Euromonitor will leverage its global network of researchers and analysts as a core means of data gathering, including accessing the sources in local languages.

Euromonitor's in-country research will involve conducting:

- desk research
- in-depth trade interviews with industry associations, manufacturers, importers/distributors and any other player with relevant information
- consumer survey analysis.

The desk research will begin with a thorough review of Euromonitor's Passport (Packaged Food, Health & Wellness—Organic) and Economies & Consumers data systems to gather relevant data and analysis. These insights will be used to provide logical benchmarks to help guide and validate all data and insights gathered throughout the project.

Then Euromonitor will then leverage its global network of industry researchers, analysts, and experts as a core means of gathering industry, category, and subject matter expertise. By tapping into this extensive network, we build a better understanding of industry sources, definitions and assumptions.

Euromonitor will review industry association data and reports, industry articles, press coverage / company reports / websites of suppliers in the category, trade data, and other relevant information available in the public domain with a view to determining:

- key trends and drivers
- leading brands of the commodity
- leading players within the category
- ley changes/updates in the regulatory environment
- ley distributors of the commodity
- secondary sources will act as a continuing check on data development and our findings and will help the research team to develop hypotheses about the research topics, which will be tested during later phases of the project
- during this phase of the research analysts will also be developing a list of trade contacts across the supply chain for potential interviews.

Euromonitor analysts will also visit up to 10 stores in a key city in each country. The store visits focussed on the following channels: Supermarkets, Hypermarkets, Pharmacies/Drugstores, Health and Beauty Specialist Retailers, Internet Retailing and Direct Selling.

The store visits allow in-country analysts to determine:

- product range
- product offerings available in different channels
- pricing by channels
- marketing and promotional activities

- market best practice used by leading brands
- packaging norms for the category
- growth and leading brands in the category.

During these visits, Euromonitor's analysts engage with merchants to gather insights and trends on-the-ground. Store visits also provide the research team with another opportunity to develop and refine research hypotheses, so that latter stages of research are more targeted and effective.

Euromonitor analysts will also conduct in-depth trade interviews with industry players. These interviews will serve as a crucial input for developing project data and insights not available from published sources or store checks. Information gathered from in-house and secondary sources, prepare analysts to engage sources in productive, open dialogs to validate what they have learned and obtain new insights and specific data. Analysts use discussion guides (instead of questionnaires) to frame open-ended conversations with the goal of gathering deeper insights.

Approximately 25 in-depth trade interviews per country will be conducted by local, in-country analysts. Euromonitor plans to engage with a wide variety of players in the organic baby food category, including, but not limited to: manufacturers, distributors, retailers, wholesalers, industry associations, governing bodies, baby nutritional experts and any other player with relevant industry insight.

In-depth trade interviews will be used to ascertain information such as:

- estimated market size and growth potential for the category
- what are the key drivers leading to growth in consumption of the commodity?
- which are the leading distributors of the commodity?
- what are their preferences and perceptions in terms of products and source countries?
- what is the competitive dynamic between local and international brands?
- the challenge for international brands
- key issues/success factors for market entrants in the category
- main retailing channels for the category
- routes to market for the category, from specific ports
- the regulatory environment of the commodity, if it varies from those for the category as a whole.

During the course of secondary research, Euromonitor will be designing, testing, fielding and analysing the results of an online consumer survey. The objective of the survey will be to understand the purchasing behaviours, criteria and drivers of consumers.

The survey will be structured as follows:

- close-ended questions only
- approximately 8 minutes in length; conducted in local language
- 200-300 total completes per country market (number of completes dependent on the country market dynamics, to be confirmed in-line with country coverage).

Specifically, the consumer surveys will gather the view of consumers on the following questions:

- what products do they purchase?
- what brands do they purchase? why?
- what are the most important key messages leading to trial/repurchase?
- what are their main factors to buy organic products?
- what are their preferred channels for the purchase of organic products?
- what is their perception of imported organic products? and specifically, from Australia?
- where do consumers go to for baby food-related information?
- who influences their purchase decisions?

All store-based and non-store-based retail channels are included in the analysis.

All results and a summary of the project's objectives, definitions, and methodology will be delivered to the market participant in the following formats:

- highly visual presentation slides in PowerPoint, consisting of key findings from the study
- quantitative data workbook: user-friendly Excel workbook incorporating quantitative data as detailed in this proposal, along with all sources used during the research.

Desktop review of market analysis

The industry also developed a lower cost option for the market analysis, using desktop review of existing market analysis augmented with experiential learnings. The analysis includes the following topics:

- Market knowledge
    - Economy and consumers
    - Consumer expenditure on food and drink products
- Market analysis
    - Organic packaged food market
    - Key trends and drivers in organic packaged food
    - Channel overview—Grocery retailers
- Market access
    - Opportunities and challenges
    - Road map to market
    - Competitor landscape
    - Market access requirements
    - Key market access considerations

A desktop review was undertaken of four countries as part of this project: Singapore, Hong Kong, Malaysia and the UAE. The country analyses are provided in Volume III of this report and on the industry website.

4. Market access

Australian export regulations

The *Export Control Act 1982* (Cth) provides the basis for the Australian government to regulate the export of certain goods from Australia. Legislative instruments called Orders, made under the Act or regulations, specify requirements for exporting particular goods. This legislation aims to establish greater credibility for Australian products and provide greater reassurance of quality to meet importing countries requirements.

The Act coexists with some other Commonwealth legislation that further regulates exporters of particular commodities. For example, the *Australian Meat and Livestock Industry Act 1997* (Cth) requires exporters of meat or livestock to be licensed.

The Export Control (Organic Produce Certification) Orders prohibit the export of products described as organic in the absence of an organic produce certificate (OPC) issued by an approved certifying organisation, or by an authorised officer.

An OPC will only be issued if an approved certifying organisation certifies that the production of the produce has complied with an approved quality management system and meets importing government requirements. Compliance with the National Standard for Organic and Bio-Dynamic Produce ('the National Standard') satisfies the requirements for a quality management system. This is determined based on the ability to demonstrate that relevant businesses along the supply chain (starting with the place of primary production) are certified to the National Standard.

The Government Administrative Arrangements for Approved Certifying Organisations Managing and Inspection and Certification Programs for the Export of Certified Organic and Biodynamic Produce ('the Administrative Arrangements') outline the requirements for interpretation and application of the National Standard. The Administrative Arrangements also set out requirements for the internal processes of approved certifying bodies—for instance, that they avoid conflicts of interest. All certifying organisations must have a documented Quality Management (QM) manual which details the responsibilities and duties, procedures and policies of their organisation.

Approved organic certifiers are obliged to give effect to the QM manual under the Orders. The Department of Agriculture and Water Resources has the power under the Export Control (Organic Produce Certification) Orders to assess organic certifying bodies and recognise them as approved certifying organisations for export. These bodies are assessed at least annually to ensure their compliance with the QM manual.

The aim of this regulatory regime is to ensure that all products exported from Australia making organic claims have been produced using systems complying with the National Standard. They also aim to ensure that all products making organic claims comply with importing country requirements. Insofar as the regulations achieve their aims, they provide Australia with a high degree of assurance over the reputation of Australian organic products in export markets.

However, meeting the National Standard is of itself not sufficient to gain market access for products with organic claims in many important export markets. Other jurisdictions can regulate the use of the term organic in accordance with their obligations under the World Trade Organization, and there is no onus on them to recognise certification to the National Standard.

The Australian National Organic Mark represents an industry effort to help to maintain the standard and reputation of Australian organics in export markets. It is a registered certification trademark under the *Trade Marks Act 1995* (Cth), indicating that the product conforms to the requirements of the National Standard. If a producer uses the Mark on a product that does not meet the requirements of the National Standard, industry may enforce their claim to the trademark through courts.

Import market regulations

In addition to Australian export controls, any exporter must also meet the requirements set by the relevant importing country authority for their products. There is a range of different approaches used to assess imported organic produce, with a varying degree of administrative burden resulting from each approach.

No import market requirements

Some importing countries (for example, Hong Kong) do not regulate the use of the term 'organic' in relation to imported produce. For these countries, in the absence of Australia's export controls, there would be no regulation to ensure that the product met its 'organic' claim. In these markets, once an Australian product is awarded an OPC (based on the relevant businesses along the supply chain being certified to the National Standard), they can export to these countries.

Meeting import market requirements

Exports to several important export markets, notably the USA, are made possible by Australian producers becoming certified to that market's organic standard. Some markets (for example, Singapore) may recognise certification to the Australian National Standard, or certification by a particular certifying organisation, as sufficient to import and sell a product as organic. Authorities in these countries are, in effect, reliant on the National Standard.

Equivalency arrangements

Australia has negotiated equivalency arrangements with several trading partners. Under these arrangements, certification to the National Standard is deemed to also meet the standard of the importing market. In the absence of this arrangement, Australian producers would need to meet both the National Standard and importing market requirements. This gives Australian producers an advantage over producers from countries without equivalency arrangements, who must separately obtain approval to the standard of the importing market.

Australia currently has equivalence arrangements with the European Union (plant-based products), Switzerland (plant-based products), Japan (plant-based products) and Taiwan (all products—plant-based, animal-based (including livestock, fresh and processed, but not offal and bones)). Negotiations are ongoing with several markets, but they can be drawn out processes.

5. Market guide

We developed a practical industry specific market visit program to assist organic food and beverage producers develop a market entry strategy. Export Connect delivered the first program for the Singapore and Hong Kong markets during the second half of 2018. Expressions of interest have been sought for a second program in 2019.

Program structure

- We undertake a **comprehensive competitor analysis** for the participants' product categories, sourced from online and on-shelf data. This will be pivotal in determining retail price points and building a pitch that accurately articulates the client's unique selling proposition. The analysis includes market insights from research platforms such as Euromonitor, and covers:
    - brand names
    - country of manufacture
    - net weight
    - packaging type
    - price
    - product claims
    - importers details
    - product photos
    - shelf photos
- A practical workshop that covers the following topics:
    - define an export vision
    - market specific demographic and economic overview
    - detailed market channel assessment
    - develop an export price list, considering specific market supply chain margins
    - market access considerations—determining the organic export/import requirements and regulations
    - develop a buyer pitch
- A market visit (Singapore and Hong Kong in 2018)
    - a flagship supermarket tour of retail chains
    - presentations from:
        - in-market food/organic associations
        - Fast-Moving Consumer Goods marketing companies
        - import/customs officials
        - in-market Austrade/State representatives
        - specialists from the organic sector
    - tailored B2B appointments with:
        - retailers
        - distributors
        - e-commerce platforms
- A follow-up day to maximise the opportunities created and evaluate contacts generated

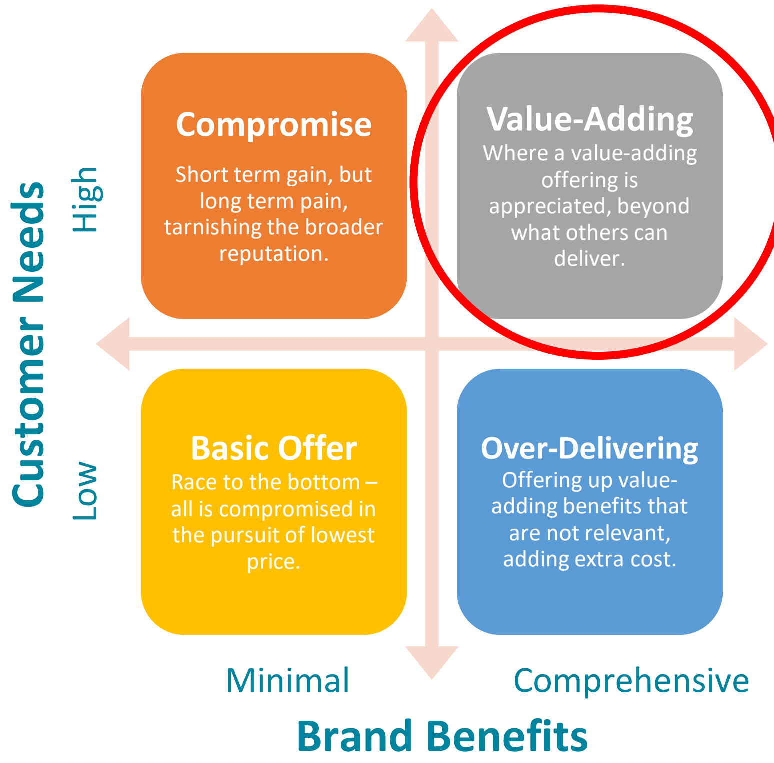
For 2018, Export Connect also host a Q&A Organic Food Exports Forum with the Market Visit pilot participants as panellists at the Fine Food Australia trade fair in Melbourne.

General approach to marketing

Most organic producers fall into two categories:

- those who have excess production that is shipped overseas through distributors—in which case, all facets of export are handled by the distributor, and there is minimal need for assistance
- those who wish to diversify their market exposure and access price premiums for quality products
    - this producer needs assistance to develop a value-adding export strategy
    - the trick is not to get caught into an over-delivering or compromise strategy

The over-arching principle underlying the organic industry export strategy is therefore to employ value-adding marketing methods. In particular, organic exporters will leverage the Brand Australia concept.



Value-Adding

The organic industry can value-add across several dimensions:

- service—ability & willingness to trim & tailor product to customers own specifications
- **responsiveness**—meet changing requirements and address issues as they arise (i.e. the need for local adaptation)
- consistency (tolerance)—deliver within a tight quality band so the customer can build market trust
- standards—provide reassurance as to the product's integrity and environmental credentials

- year-round delivery—provide ‘base load’ so that the customer can rely upon as the primary supplier
- collaborative development—develop the category and drive consumer desirability (i.e. own consumer brand)
- innovation—continuously evolve the offering to reflect the needs of a dynamic market
- stylish—a brand that is aspired to be owned by the end user (conveys sophistication, class and wealth to others)

Brand Australia

Australia enjoys very strong brand imagery in many markets, as it has a reputation for having a fresh, healthy, sunny environment. These markets are particularly well suited to targeting organic exports, which embody clean and healthy production methods.

Food scandals in the past have made Chinese parents increasingly interested in premium brands and organic ranges, which they perceive as more trustworthy. This is particularly true in the organic baby food category, which is boosting growth of organics in China.

Customer purchasing journey

The desired customer purchasing journey involves three stages that takes prospective customers from initial introduction to the development of an enduring relationship.

Engagement

- In a world where customers are confronted with too much choice, how can our offer stand out & get noticed (awareness)?
- Is it possible for our customer to discover something new or get some sort of inspiration of how to do things differently?

Commitment

- How can we demonstrate that our offer is relevant to their needs, delivering a uniquely memorable experience?
- How deliver to the ‘moment of truth’ – the singular action that will sway preference and enable our offering to be considered beyond all others?

Loyalty

- How can we cement loyalty, ensuring customers hold us in high regard?
- What barriers need to be overcome in securing ongoing usage?
- How can we encourage newly loyal customers to vocally endorse their choice through recommendation to others?

Export readiness assessments

An important part of the market visit program is assessment of each participant's export market readiness. Building on market insights gleaned from the market knowledge analysis, these assessments involve a practical workshop with market readiness content that covers the key topics:

- why export?
- defining export vision for business
- market selection
- competitor analysis
- who is your target customer?
- what is your unique selling proposition?
- market entry strategy
- core competencies to export
- value chain analysis
- planning for a market visit
- activation program
- government support

Our analysis of the market readiness of market program participants has raised a range of challenges.

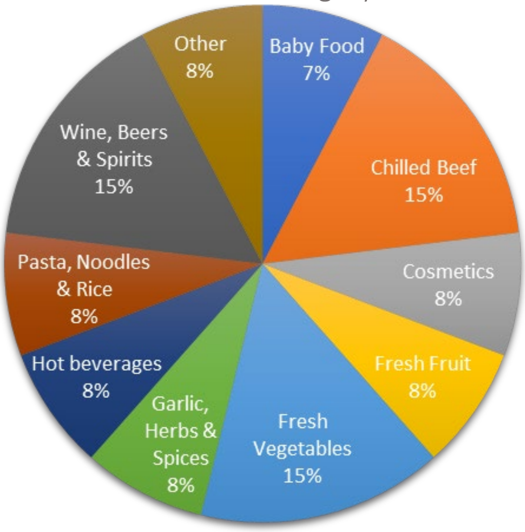
Key Export Challenge	Proposed Solution / Delivery	Notes
1. The required skills, knowledge, experience and culture is lacking among emerging and existing exporters.	• Online workshops • Face-to-face workshops • Forums with export expert panelists • Online export readiness tools • Networking opportunities	• Export readiness focus • Market readiness focus • Workshops and forums delivered for a fee to ensure suppliers serious about export attend • Regional and capital city locations • Where possible, hosted by members • Utilise existing capability building programs and tools offered by FIAL, Austrade, ECA, EFIC etc
2. Price competitiveness of Australian products in export markets	• No specific solution • Foreign exchange and export pricing will be covered in export-readiness activities	• As per key export challenge #1
3. Lack of unique selling proposition or lack of ability to pitch USP in order to compete on non-price factors	• In-market competitor analysis to better understand price and product differentiation • Incorporate pitching skills in activities addressing key export challenge #1	• In-market competitor analysis is cheaper to deliver when aggregated across multiple suppliers • When incorporating pitching skills to workshops, key is to allow time for role-playing.
4. Technical market access	• Online workshops • Face-to-face workshops • Forums with export expert panelists • Online market access tool • Networking opportunities	• Workshops and forums delivered for a fee to ensure suppliers serious about export attend • Regional and capital city locations • Where possible, hosted by members • Build online market access tool
5. Fragmentation of resources and lack of coordinated messaging from Governments and industry bodies	• Periodical newsletter to keep suppliers up to date on key opportunities, challenges, events, and programs • Develop online portal that catalogues events and programs; incorporate link in industry websites (OIA, AOL etc.)	• Broadcast across all potential stakeholders comprehensive and consistent updates across relevant opportunities, events, and programs
6. Lack of market research to better understand product and packaging needs and opportunities	• Periodical letter to keep suppliers up to date on market insights; covering opportunities and challenges	• Aggregated directory of market insights that are both category- and market-based will significantly reduce the time and resources spent searching for market information

Key Export Challenge	Proposed Solution / Delivery	Notes
	• Develop online portal that catalogues market insights; incorporate link in industry websites (OIA, AOL etc.) • For the more export-ready suppliers, undertake market visit programs	• Market visit programs best deliver market understanding as they include market research, supermarket visits, and engagement with buyers and stakeholders
7. Access to timely market insights	• Periodical letter to keep suppliers up to date on market insights; covering opportunities and challenges • Develop online portal that catalogues market insights; incorporate link in industry websites (OIA, AOL etc.) • For the more export-ready suppliers, undertake market visit programs	• As per key export challenge #6
8. Many suppliers have a weak domestic market presence	• Develop a domestic market development program to help suppliers establish broader and deeper channel reach in Australia • Tap into existing domestic market development programs including 'Entrepreneur's Program', 'SmallBiz Connect' etc.	• A strong Australian market base provides a solid foundation to launch into export markets
9. Poor understanding of export timelines and investment	• Incorporate in: o online workshops o face-to-face workshops o forums with export expert panelists o online export readiness tools o networking opportunities	• As per key export challenge #1
10. The lack of scale and continuity of supply	• Incorporate in: o online workshops o face-to-face workshops o forums with export expert panelists o online export readiness tools o networking opportunities	• As per key export challenge #1

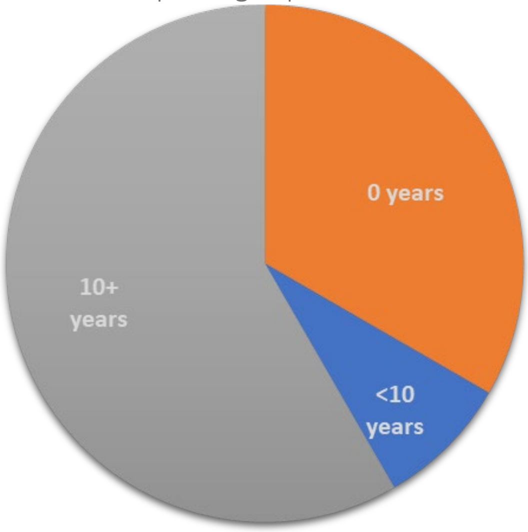
Survey of exporters

We prepared a survey to support development of the export strategy. We didn't receive sufficient responses for the survey to provide too many insights. Consequently, only the key findings are presented here.

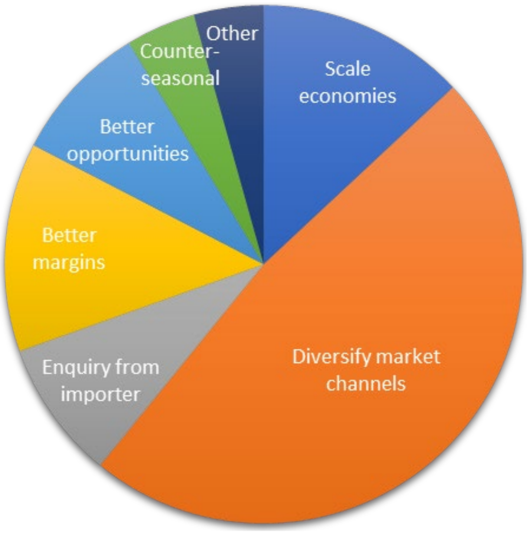
Product category



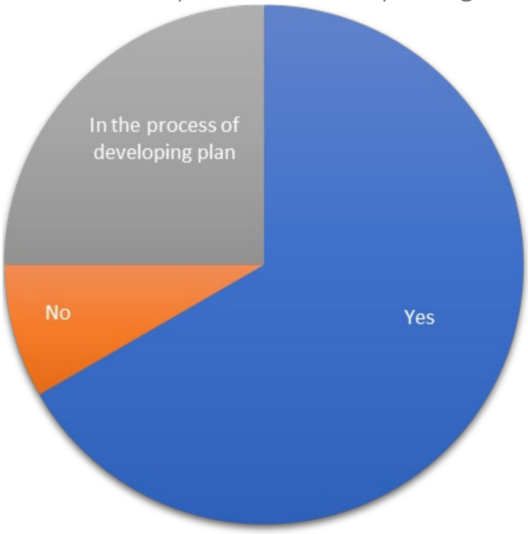
Exporting experience



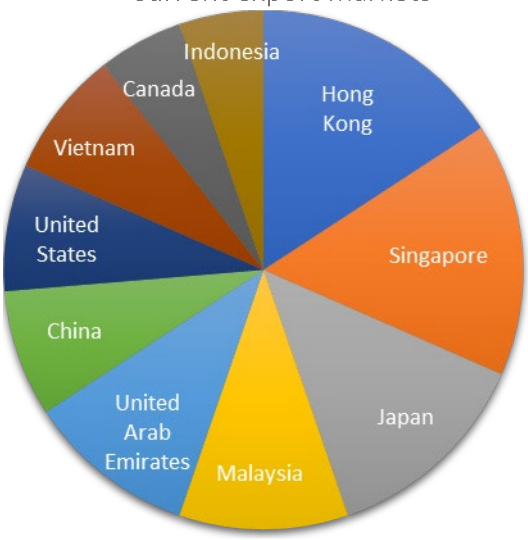
Reason for exporting



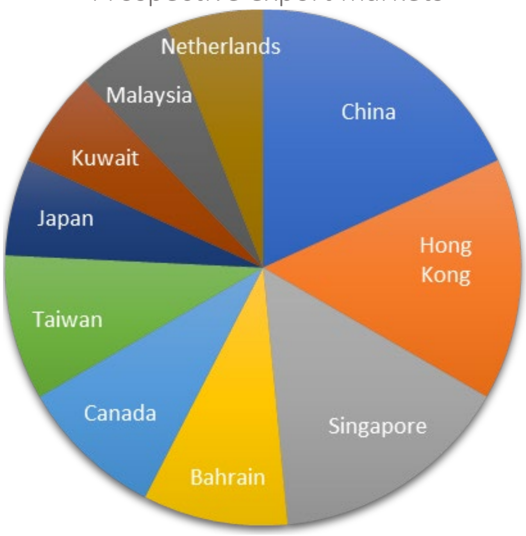
Business plan includes exporting



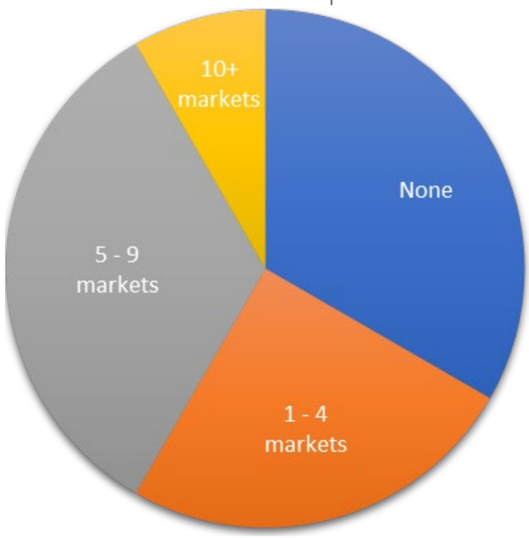
Current export markets



Prospective export markets

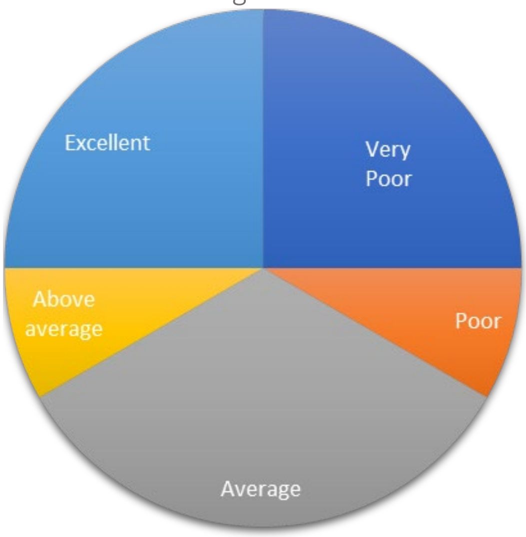


Number of current export markets

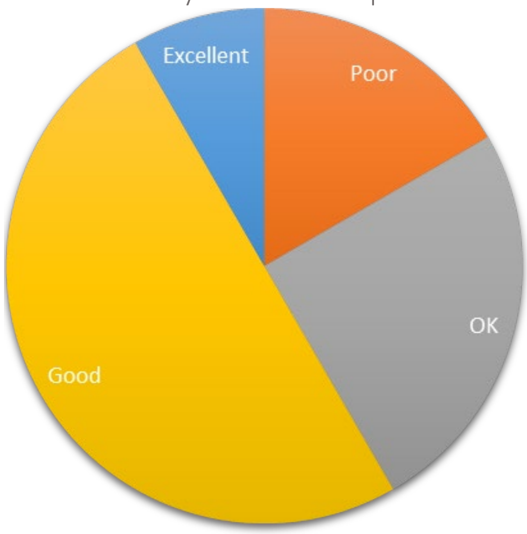


Market entry strategy

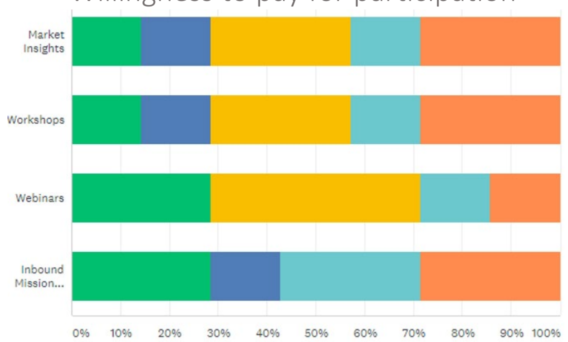
Understanding of contract terms



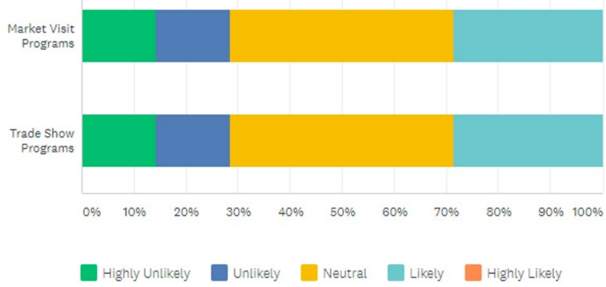
Ability to finance exports



Willingness to pay for participation



Likely to participate in $3k+ programs



6. Export strategy

Australia is recognised globally as a reliable supplier of quality organic products

Product Integrity	• Every part of the export supply chain must reinforce organic standands
Brand Australia	• Leverage perceptions of clean and healthy production methods
Equivalency	• Improve market access by assisting the Government on equivalency deals
RDC Collaboration	• Work with RDCs to deliver commodity specific export programs
Export culture	• Support potential organic exporters with professional development
Market Knowledge	• Provide industry with the knowledge to underpin successful exporting
Value-Adding	• Assist industry to access premiums through appropriate value-adding

Objectives in the strategy

- Breaking down technical barriers to trade for Australian agricultural exports and securing new and improved access to premium markets
- Strategic, operational and tangible improvements in market knowledge and access for the Australian organics industry, covering all states and territories and commodities, and a platform for engagement and co-operation with markets
- Provide a platform for aligning government, industry and commercial efforts to boost organic exports
- Specify clear and measurable organic industry export priorities

Targets 2019-24

- Annual growth in organic trade volumes and values of 15 per cent
- Exports of organic products have doubled by 2024 in volumes and value
- The peak body is recognised as an important facilitator of organic exports
- Equivalency arrangements in place by 2024 with the USA, EU, South Korea and China

Implementation actions 2019-24

Action	Due	Product Integrity	Brand Australia	Equivalency	RDC Collaboration	Export culture	Market Knowledge	Value-Adding
Organic certification								
Work with certifiers to ensure high standards for product integrity	Ongoing	•	•					•
National Standard aligned with key importing country standards	Ongoing	•		•				•
Improve resourcing of the National Standards Sub-Committee	Jun 20	•						
Prioritised list of changes required to achieve equivalencies	Jun 20	•		•				•
Industry support activities								
Develop a self-assessment Export Readiness Checklist	Dec 19					•		
Annual market visit program	Aug-Sept		•			•	•	•
Develop an export skills workshop program	Dec 19	•	•			•	•	•
Employ a strategic exports facilitation officer	Aug 20	•	•		•	•	•	•
Collaborate with governments								
Lobby and assist the Government on achieving equivalency deals	Ongoing	•		•				•
Access Commonwealth/State programs to improve exports	Ongoing	•	•		•	•	•	•
Incorporate organic into Manual of Importing Country Requirements	June 20	•					•	
Employ a government liaison officer	Aug 20	•		•	•			
Modify OPCs to incorporate value information	June 20	•				•	•	
ABS to amend AHECCs to classify organic produce	Ongoing						•	
Improve export knowledge								
Annual organic exporters Q&A forum with expert panel	Sept		•			•	•	•
Deliver one annual country-specific trade workshop	April		•			•	•	•
Showcase organic exports at annual organic industry conference	Sept		•		•	•	•	
Provide exporters with networking opportunities	Ongoing		•		•	•	•	•
Periodical newsletter—opportunities, challenges, events, programs	Quarterly	•	•	•	•	•	•	•
Develop online portal that catalogues events and programs	Dec 19	•	•	•	•	•	•	•
Develop an online portal of market knowledge	Dec 19	•	•			•	•	•
Develop an online portal with export development tools	Dec 19	•	•			•	•	•
Strategies to improve Brand Australia awareness in export markets	April 19	•	•			•		
Annual survey of export intentions and experiences	April	•	•	•	•	•	•	•
Collaborate with RDCs								
Develop a relationship with each RDC to collaborate on exports	Dec 19		•		•	•	•	•
Work with RDCs to address RD&E gaps and opportunities	Ongoing				•			•
Work with RDCs to elevate export potential of organic products	Ongoing		•		•	•	•	•
Work with Wine Aust to develop organic as a winning wine category	Ongoing		•		•	•		•
Evaluation								
Annual review of progress against targets	June						•	