

## Demand for EasiYo products soars

by Graeme Kennedy

Home-made yoghurt company EasiYo cannot make product fast enough to satisfy soaring demand from home and export markets, despite extending its Auckland plant earlier this year.

CEO Paul O'Brien says new equipment including blenders and packing machines increased monthly production of sachets containing milk powder, culture and flavour from 700,000 to 1.7 million and he has plans to lift output to two million.

"We are now getting 20 percent annual growth on sales of \$30 million and will double revenue in less than five years," Mr O'Brien said, "but we are currently constrained by manufacturing capacity and we might have to make the product under licence in high growth markets."

EasiYo exports 75 percent of its health food to 20 countries with the UK its biggest market at just over \$10 million and Australia close behind. New Zealand sales are around \$7 million with the rest going to small markets with strong growth potential including Asia.

The company plans a major campaign in China where EasiYo's 100 percent owners Hokitika-based Westland Milk Product's exports are worth \$120 million, but include only around \$2 million of the premium yoghurt.

"We are looking for distributors in provincial and urban China and I will be taking EasiYo to the Hong Kong Natural Products Expo," Mr O'Brien said. "We already have offices in the UK and Australia and as we grow in Asia we plan to open there as well.

"Japan has become another small but fast-growing market for us since we began exporting several months ago. We expect to reach \$500,000 by the end of the year despite a 250 percent import duty – it costs a fortune in Japan but they don't seem to care."

"It is a marvellous health food and in the future will play a bigger part in people's diets.

"It helps maintain good health by providing bacteria essential for active digestion and processing food through the gastro-intestinal tract, which is affected by smoking, alcohol, stress, poor nutrition and antibiotics.

"And with more research, other areas to target include obesity, gut health, bowel function and cholesterol levels."

The EasiYo system was invented by Auckland North Shore secondary school science and physics teacher Len Light to provide his family with an inexpensive and nutritional food.

Mr Light took it to the 1992 Auckland Home Show and sold 600 in five days. He then distributed it through pharmacies and health food stores before taking it to Australia where it was sold through major chains Coles and Woolworths.

He launched the system in the UK in 1999 and some Asian markets in 2005.

Independent dairy co-operative Westland, with \$450 million export sales in specialised commodity and ingredient milk products, bought 75 percent of EasiYo in 2007 and the remaining 25 percent last year when Mr O'Brien – head of dietary supplement company Good Health Products for the previous three years – joined as CEO.

“One of the first things I did was talk with NZTE,” he said. “I had dealt with them in various roles in the industry for 20 years and always found them extremely helpful.

### **The Beachheads programme**

“We joined the Beachheads programme in the UK and found its assistance with research, contacts and retail partnerships extremely valuable and we are already getting great results.

“Through Beachheads, Spain and France have become new entrants for us and there is growing interest through wider Europe.”

Mr O'Brien said EasiYo had been chosen by the UK Royal College of Obstetricians and Gynaecologists as the only preferred yoghurt in a 12-month promotion to increase the calcium intake among 500,000 pregnant women.

He said the company donated its yoghurt to poorer Auckland schools so pupils could get a good breakfast, while research with Auckland University's Liggins Institute had established a link between good nutrition and learning.

“We want to be leaders in the nutritional space, a pioneer with New Zealand research to show that EasiYo is much more than yoghurt, more than just a nice taste,” Mr O'Brien said.

“New Zealand chilled supermarket yoghurt sales are \$15.7 million compared with our \$7 million but a Liggins Institute survey found EasiYo had four times the amount of live good bacteria than the off-the-shelf product.

“Bacterial activity declines with time and supermarket product could be three weeks old while ours is fresh because you make it yourself – ours will also decline but we start from a high base.

“The chilled guys sell on price, fruit content and taste – we sell on nutrition and freshness.”