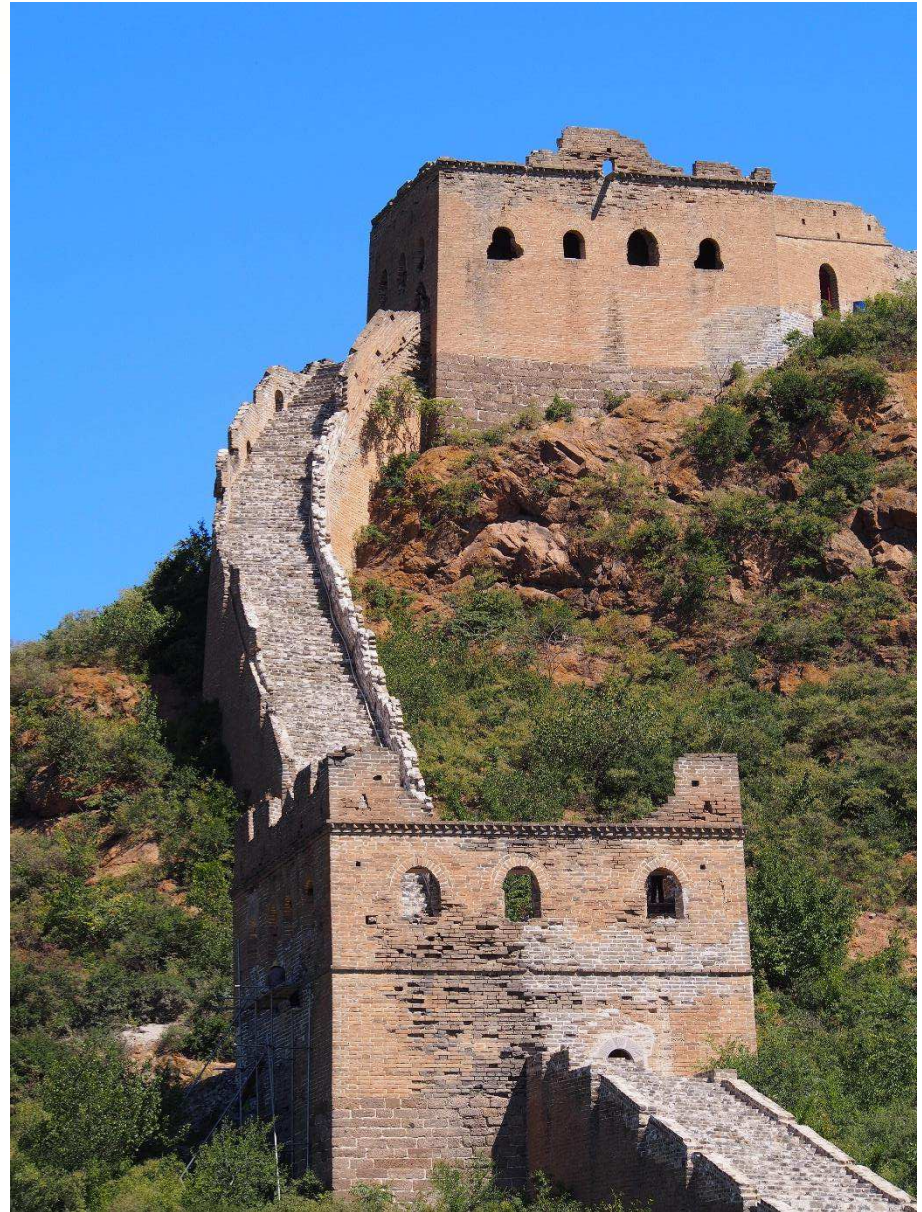


THE CHINA FACTOR

Mike Arand, NZTE

31st March '17

Natural Products New Zealand





Source: Skyscrapercity.com



China As A Growth Market



- Reports about the slowing economy
- Middle Class and above will grow by 200m (up to approx. 330m) by 2025 (Economist Intelligence Unit)
 - Premium Food & Beverages
 - Leisure & Lifestyle
 - Health
 - Education
 - Technology
- The broader factors
 - Globalisation, Urbanisation, Consumption, Innovation and Fragmentation

NZ Company Positives



“A few of our directors will be in town, can you meet with them?”

NZ Company Positives



- Much more commitment from senior levels – inc. boards
- Hiring of Chinese talent into the NZ company
- Generally much deeper knowledge of the market (and a desire to learn)
- A small wave of legal entities being established – feet on the ground!
- Growing openness to collaboration
- Investment from Chinese business (and capability)

What's Still Concerning?



“They tell me they have excellent relationships with the local officials...”

What's Still Concerning?



- Jumping at opportunities (and high trust)
- Limited aspirations – 20% additional growth
- Where's the longer term view?
- The search for the 'single answer, silver bullet'
- "Outsourcing" responsibility to local partners/distributors
- Lack of support for people in-market
- Poor attention to pricing decisions
- IP protection
- Lack of consumer/customer understanding/listening
- Lack of flexibility, responsiveness & customisation
- Selling the whole kit & caboodle

Where is the Growth?

- Depends on where and how hard you want to work
 - segment, segment, and segment again...focus
 - Huangpu District in Shanghai has around 6M (mainly) up-market consumers
 - 3rd and 4th tier cities are consumption growth engines, but....
 - Ecommerce is fantastic, but....
 - Understand your customer....and their customer
 - Adapt
 - China is going global – jump on-board
-

A Growth Journey



“How do we turn
small into an
advantage?”

A Growth Journey



STAGE	Woohoo – somebody in China’s ordered a container!	I go to China once a year to check on my distributor	We’ve got solid business and I’ve just put a person in-market	We’ve got a good business in China with about 20 people in our Shanghai and Beijing offices – next week our board is up there.

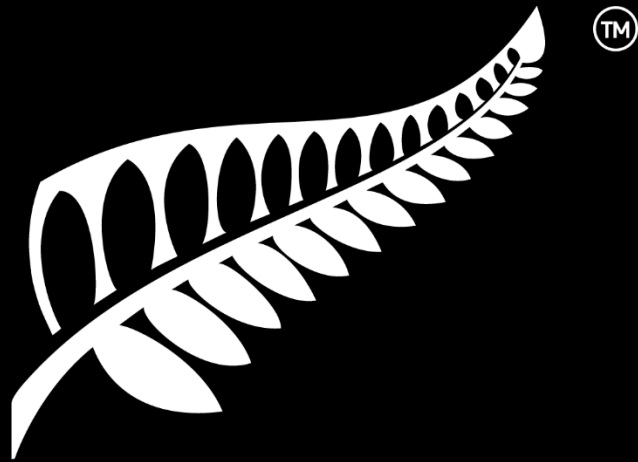
A Growth Journey



Let's Think About....



- What is your aspiration for growth?
 - Where are you on your growth journey?
 - What are the growth steps you're planning?
 - What are your biggest barriers to growth?
 - How do you see your growth journey happening?
 - What's needed to make it work?
-



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