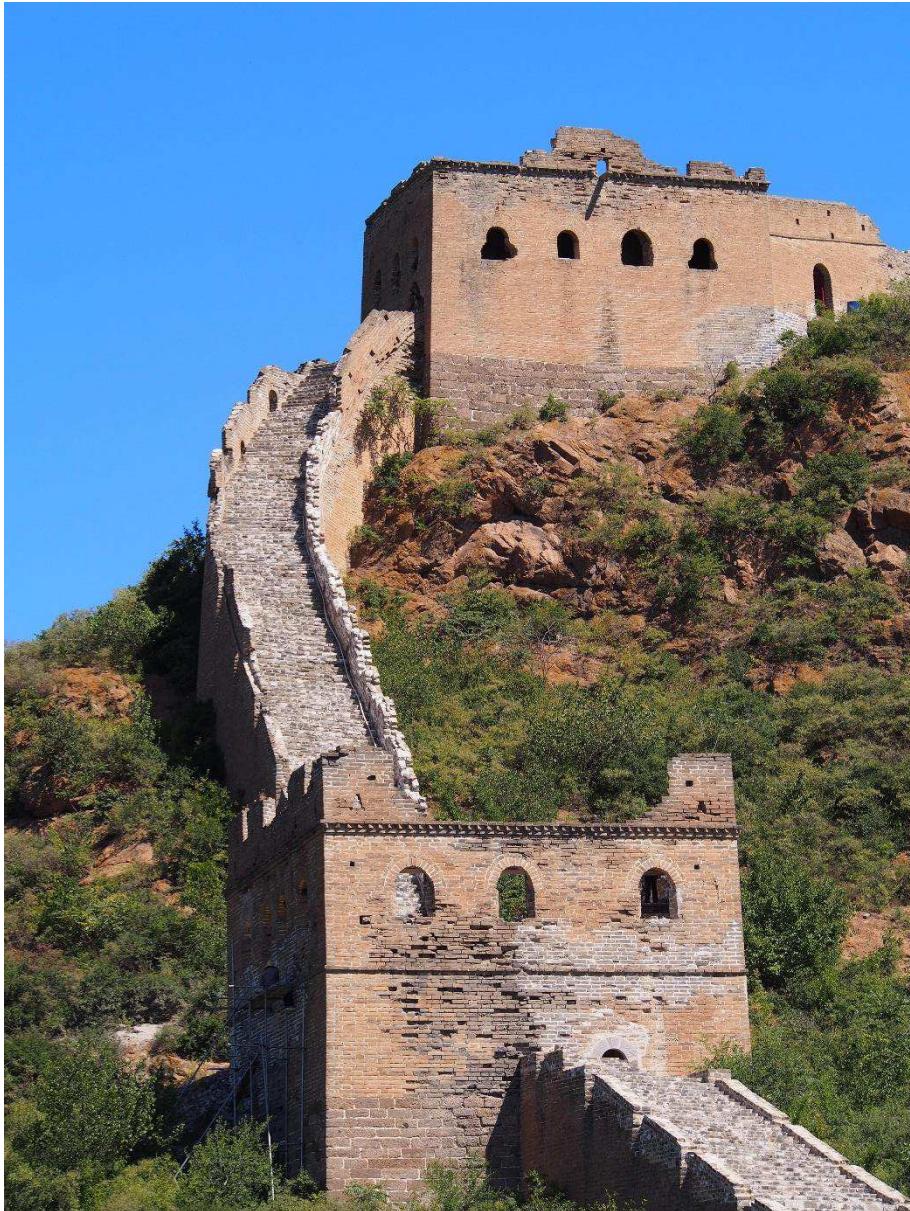


# THE CHINA FACTOR

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31<sup>st</sup> March '17

Natural Products New Zealand





Source: [SkyscraperCity.com](http://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

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- 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?

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- 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
    - 3<sup>rd</sup> and 4<sup>th</sup> 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



<b>STAGE</b>	<b>Woohoo – somebody in China's ordered a container!</b>	<b>I go to China once a year to check on my distributor</b>	<b>We've got solid business and I've just put a person in-market</b>	<b>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.</b>

# A Growth Journey

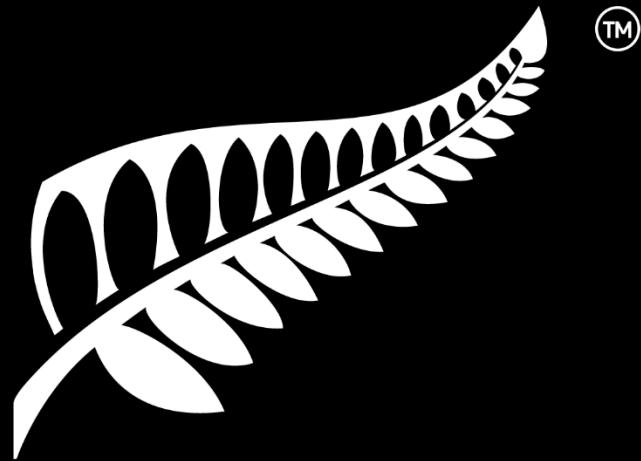


<b>STAGE</b>	<b>Woohoo – somebody in China's ordered a container!</b>	<b>I go to China once a year to check on my distributor</b>	<b>We've got solid business and I've just put a person in-market</b>	<b>We've got a good business in China with about 20 people in our Shanghai and Beijing offices – next week our board is up there.</b>
<b>MAJOR CONCERN</b>	Will they pay me and will they ever order again?	I'm not sure who my distributor actually sells to so what happens if they go away?	Will my sales growth be big enough to actually justify the cost I've committed to?	How do I keep growing? Do I need more Chinese investment? Should I be in lower tier cities?

# Let's Think About....

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- **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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TRADE & ENTERPRISE**