

RETAILING

BUTTERING UP TO THE AMERICANS



If you want to make export cookies to the US, you need a 'secret weapon'. **Derek Parker** reports

Crunch time: Howard Dray says the US market is a long road but the rewards can be very significant

AMERICANS love their cookies, and there are so many makers in the US that the idea of exporting them to the US seems a bit like sending coal to Newcastle.

But an Australian company believes it has found a winning recipe. The Old Colonial Cookie Co, based in Lilydale on the outskirts of Melbourne, has notched up some impressive results from the export of its Butterfingers shortbread cookies, doing well in the US, Canada, Japan, New Zealand, Hong Kong and Singapore.

Managing director Howard Dray says the export component of the business accounts for about 30 per cent of revenue. (In Australia, its shortbread is distributed through one of the major supermarket chains and a number of independent supermarkets, under the Butterfingers label.) The product range runs to 35 different types of packaging, including branded, private label, and international formats.

In North America, the Canadian market is showing double-digit growth, and the product is building a foothold in the huge US market, where it is marketed under the Lander's Australian brand. Cookies are extremely popular in the US and the market is intensely competitive. But Dray points out that the Australian product has a "secret weapon".

"It's the butter, you see," he says. "American butter is whitish, unlike the creamy yellow Australian butter. The better, richer taste comes out in our Butterfingers, and of course we also use natural Australian ingredients, including ginger, chocolate chips and macadamia nuts. Butterfingers shortbread was first produced 22 years ago and we still use the same Scottish family recipe. In export terms, our shortbread is designed and packaged as a luxury-class product and there is a lot of potential in that market."

Cracking the US market is a matter of slowly building a market presence and making solid relationships with partners. "It's a long road, but the rewards at the end can be very significant," says Dray of the US market. "We started with the Chicago World Food Fair two years ago and have spread out from there. Now we're establishing ourselves on the west coast, which is potentially a very large market. We're looking at steady growth rather than an overnight breakthrough. It's a matter of going to the trade shows, getting to know the right people and investing the time in building relationships."

Because of the premium on quality, freshness is crucial. The shortbread is plastic-wrapped, with each packet being fully enclosed in heavy cardboard to prevent breakages during shipping. The rectangular packets can be vertically stacked, which further reduces the danger of breakage. But because the cookies must be transported by sea, there is also a requirement to think ahead. About six months elapses between production and final sale, although the product's shelf life has been tested at over 12 months. Dray notes that the company is already planning its Christmas product line.

"Getting the timing right is very important," he says. "If you don't have the product ready for the ship when it's scheduled for departure, too bad for you. There's no point in having a product packaged for Christmas hit the shelves in January. You have to think ahead, understanding the logistics and the delivery issues."

Production is on a "bake to order" basis and takes place with independent certification of the company's HACCP food safety plan — an important selling point for some overseas markets.

Dray identifies the keys to cracking the US market as being willing to visit regularly, a commitment to in-market partnership and product differentiation. While adverse movements in exchange rates have caused some concern, the problem has not been huge. Most of the company's contracts are written in Australian dollars, and markets other than the US have actually experienced positive currency movements.

Dray says Austrade's help was crucial, providing pertinent business contacts and identifying suitable promotional opportunities. He says: "Moving directly into the US meant having to get on top of their requirements for labelling, packaging and everything else. Austrade was a huge help there. They gave us the knowledge of the local market that we needed."

"In fact, we've just signed our first contract with Dubai, which will give us a presence in the Middle East. It would not have happened without Austrade."