

AUSTRALIAN EXPORT AWARDS

CASE STUDY: BEGA CHEESE

Winner: Regional Exporter Award (2014)

For outstanding international success by a business whose head office is based in a non-metropolitan location.

Background

Bega Cheese began as a dairy cooperative in the town of Bega, NSW in 1899.

Today it is one of Australia's major food producers, with six production facilities in NSW and Victoria manufacturing natural and processed cheese, butter and dairy-based nutritional powders.

Listed on the ASX, Bega Cheese merged with Tatura Milk Industries in 2011. The merger enabled the company to invest in new branding and infrastructure to take advantage of opportunities in Asia, the Middle East and Oceania.

2013–14 was an important year for Bega Cheese, the company built an infant formula canning factory to supply dairy nutritionals to Asian markets; launched new product lines into Asia and the Middle East; expanded its cheddar cheese and lactoferrin production and commissioned a new D40 Whey plant.

Approach to business

Growing sustainably and remaining profitable are the key principles that drive the Bega Cheese business, according to CEO Aidan Coleman.

"We are not interested in growth for growth's sake," Coleman says. "Our aim is to be seen as an innovative food production company that continues to remain globally competitive. We can only do that through strategic planning and by growing sustainably."

And growth is certainly something Bega Cheese has enjoyed, particularly over the past four years. Thanks largely to its merger with Tatura Milk Industries in 2011, the company has significantly expanded its global footprint and production capabilities.

While continuing to focus on its key business of cutting, packing, and processing consumer cheese, the company has shifted its focus to high value, more technically sophisticated dairy products to supply growth markets in Asia. This range includes cheddar and processed cheese, cream cheese and butter, infant formulas, nutritional powders, milk powders and milk protein concentrate.



SNAPSHOT

- Originally established as a butter factory in 1899
- More than 1,700 staff
- Over 18 per cent growth since 2012
- Six production facilities in two states
- Export revenue represents more than 40 per cent of total sales

› 52nd Australian
Export Awards

2014 NATIONAL WINNER
REGIONAL EXPORTER

BEGA CHEESE

The new approach has certainly paid dividends.

"Our consumer goods and food service was worth around \$74 million in 2012. It's now worth around \$120 million, representing 18 per cent growth in the past three years," Coleman says. "Until the merger with Tatura we had relatively small exposure to the export market. Now we sell around 40 per cent of our product internationally."

Coleman says the merger was part of Bega's 'natural progression to grow'.

"The presence Tatura brought to Bega in an export sense was very, very strong," he says. "Now that it is a fully owned subsidiary, we are able to leverage the Bega brand across some of the products Tatura makes. For example, we now sell Tatura cream cheese under the Bega name in China, which is a very important market for us."

Asked why Bega Cheese remains so popular, Coleman says "it's all about consistency and quality with very exacting processes that deliver to our customer's expectation".

Some of Bega's customers have been with them for more than 40 years — confirmation that adopting a consistent product and delivery approach really works.

International engagement

Until 2011, Bega Cheese was only a relatively small player in the export market. It now sells to more than 40 countries, generating more than \$300 million in export sales each year.

Coleman says, while a major part of this success relates to its broader product offering — made possible through the Tatura merger and other acquisitions — it's also to do with how quickly the company can deliver.

"We have developed high speed machinery that's unique to us," he says. "As a result, we've been able to take out unproductive labour costs and produce our products much faster."

Production capacity is very important, particularly for growing markets like China.

"We invest around \$30 million every year on capital works to keep our factories maintained and up to date," Coleman says. "Offering a wide range of products is also important if you want to grow internationally".

"You can't just supply one product for one year, you need a lot, and have to be absolutely committed to growth" — Aidan Coleman, CEO, Bega Cheese

To keep up with international demand, Bega Cheese recently launched new product lines for Asia and the Middle-East and commissioned a new D40 Whey plant.

"The focus in Asia will be growing our consumer brands and infant formula business," Coleman says. "The opportunities internationally are extensive. However, our plan is to just focus on a few things and do them well, rather than take every opportunity that comes around."

Coleman says he would also recommend this approach for any Australian company thinking about moving into export.

"It's tough. Be prepared to be there for the long haul and commit to it. Importantly, ensure you have the financial disciplines and capacity to be in that market," he says.

Winning an Australian Export Award

Winning awards is nothing new to Bega Cheese. Over the years, the company has won countless accolades for its quality products.

Front of mind the moment however is its win in the Australian Export Awards — its second award in this category since 2008.

"Our staff take huge pride in this win, which is great for morale. It's also good for our agents and distributors overseas, giving them something very positive to talk about. It proves to them that the Bega brand is a very serious player internationally."

And the awards just keep coming for Bega Cheese. It recently won seven out of a possible 10 gold medals in the cheese category at this year's Sydney Royal Easter Show competition.



Roger Newman, Regional Manager Indian and Pacific Ocean of Bega Cheese accepting the Regional Exporter national award at the 2014 Australian Export Awards

For more information about Bega Cheese visit www.begacheese.com.au