



## TARGET MARKET OPPORTUNITIES IN ASIA FOR VIRGIN OLIVE OIL

*Part of Asia Market Success, April 2016*



## INHERENT LIMITATIONS

This work was commissioned by the Department of Agriculture and Food Western Australia (DAFWA), with funding through the State Government's Royalties for Regions program and prepared by Coriolis. This work is based on secondary market research, analysis of information available or provided to Coriolis by our client, and a range of interviews with industry participants and industry experts. Coriolis have not independently verified this information and make no representation or warranty, express or implied, that such information is accurate or complete.

Projected market information, analyses and conclusions contained herein are based (unless sourced otherwise) on the information described above and on Coriolis' judgement, and should not be construed as definitive forecasts or guarantees of future performance or results. Neither Coriolis nor its officers, directors, shareholders, employees or agents accept any responsibility or liability to readers or recipients of this report other than DAFWA or people other than DAFWA who rely upon it (described below as Recipients) with respect to this document.

Coriolis wishes to draw Recipients' attention to the following limitations of the Coriolis document "Target Market Opportunities in Asia for the Western Australian Premium Products" (the Coriolis Document) including any accompanying presentation, appendices and commentary (the Coriolis Commentary):

- a. Coriolis has not been asked to independently verify or audit the information or material provided to it by or on behalf of the Client or any of the parties involved in the project;
- b. the information contained in the Coriolis Document or any Coriolis Commentary has been compiled from information and material supplied by third party sources and publicly available information which may (in part) be inaccurate or incomplete;
- c. Coriolis makes no representation, warranty or guarantee to Recipients, whether express or implied, as to the quality, accuracy, reliability, currency or completeness of the information provided in the Coriolis Document and any Coriolis Commentary or that reasonable care has been taken in compiling or preparing them;
- d. the analysis contained in the Coriolis Document and any Coriolis Commentary are subject to the key assumptions, further

qualifications and limitations included in the Coriolis Document and Coriolis Commentary, and are subject to significant uncertainties and contingencies, some of which, if not all, are outside the control of Coriolis; and

e. any Coriolis Commentary accompanying the Coriolis document is an integral part of interpreting the Coriolis document. Consideration of the Coriolis document will be incomplete if it is reviewed in the absence of the Coriolis Commentary and Coriolis conclusions may be misinterpreted if the Coriolis document is reviewed in absence of the Coriolis Commentary.

Coriolis is not responsible or liable in any way for any loss or damage incurred by any person or entity other than DAFWA relying on the information in, and the Recipient unconditionally and irrevocably releases Coriolis from liability for loss or damage of any kind whatsoever arising from, the Coriolis document or Coriolis Commentary including without limitation judgements, opinions, hypothesis, views, forecasts or any other outputs therein and any interpretation, opinion or conclusion that the Recipient may form as a result of examining the Coriolis document or Coriolis Commentary.

The Coriolis document and any Coriolis Commentary may not be relied upon by the Recipient, and any use of, or reliance on that material by the Recipient is entirely at their own risk. Coriolis shall have no liability for any loss or damage arising out of any such use.

## ACCESSIBILITY

Coriolis seeks to support the widest possible audience for this research. This document has been designed to be as accessible to as many users as possible.

Any person - with or without any form of disability - should feel free to call the authors if any of the material cannot be understood or accessed.

We welcome the opportunities to discuss our research with our readers and users.

All photos used in this discussion document were either (1) purchased by Coriolis from a range of stock photography providers as documented, (2) received written permission to use Southern

Forest Food Council photo or (3) are low resolution, complete product/brand for illustrative purposes used under fair dealing/fair use for both "research and study" and "review and criticism". Our usage of them complies with Australian law or their various license agreements (© Dollar Photo Club).

## COPYRIGHT

Copyright © Western Australian Agriculture Authority, 2016

## IMPORTANT DAFWA DISCLAIMER

The Chief Executive Officer of the Department of Agriculture and Food and the State of Western Australia and their employees and agents (collectively and individually referred to below as DAFWA) accept no liability whatsoever, by reason of negligence or otherwise, arising from any use or release of information in this report or any error, inaccuracy or omission in the information.

DAFWA does not make any representations or warranties about its quality, accuracy, reliability, currency, completeness or suitability for any particular purpose. Before using the information, you should carefully evaluate these things.

The information is general in nature, is not tailored to the circumstances of individuals or businesses, and does not constitute financial, taxation, legal, business or management advice. We recommend before making any significant financial or business decisions, you obtain such advice from appropriate professionals who have taken into account your individual circumstances and objectives.

The information in this report should not be presumed to reflect or indicate any present or future policies or decisions by the Government of Western Australia.

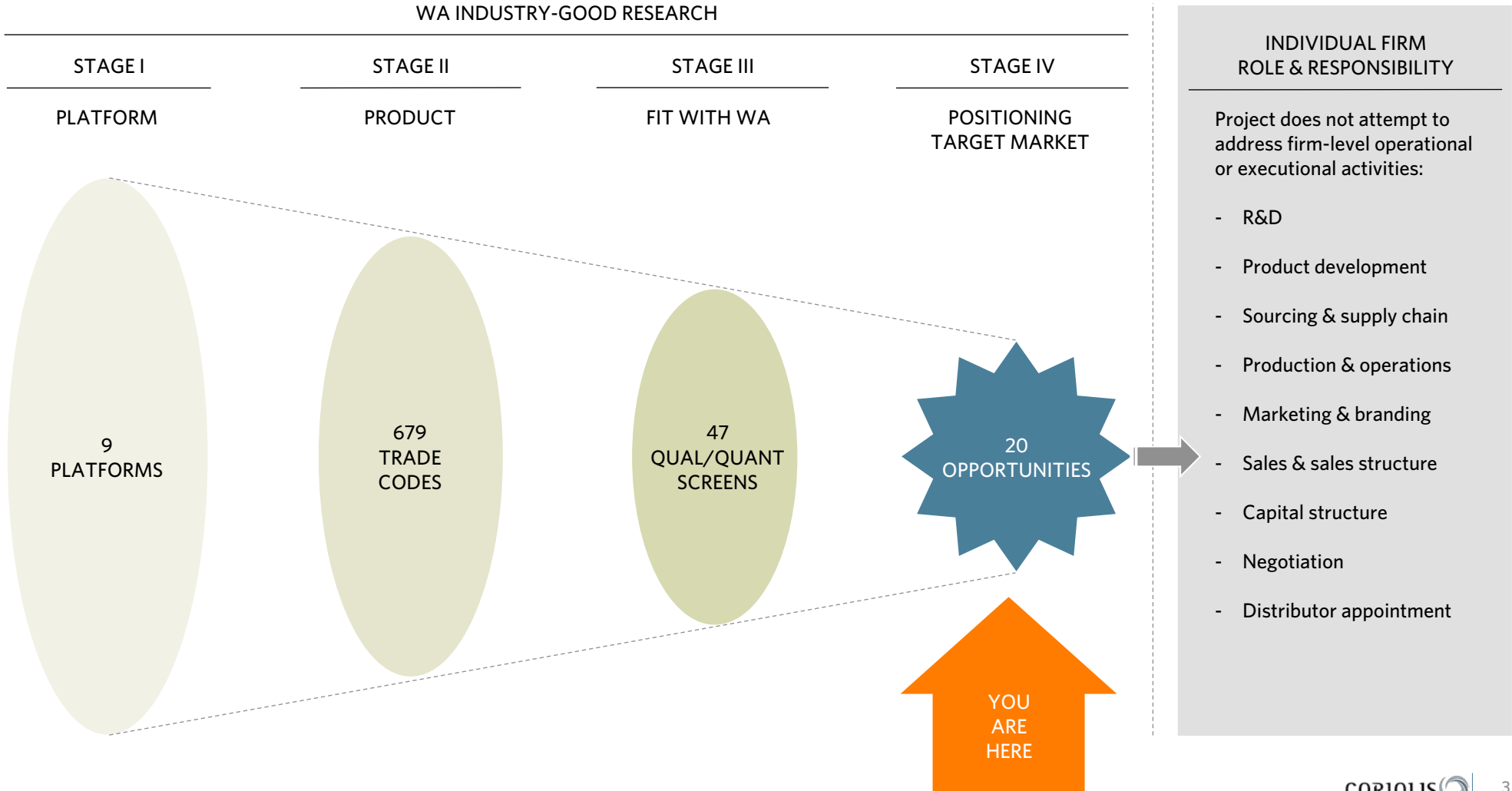
**FINAL v100; April 2016**

# SCREENING OVERVIEW

In Phase One of the Target Market Opportunities in Asia for WA Premium Products Report (TMO Report), extensive import/export trade data was fed through a multi-stage screening process to “hone-in” on potential opportunities for Western Australia; stakeholder interviews also fed into this process

## STRUCTURE OF MULTI-STAGE SCREENING PROCESS USED IN THIS PROJECT

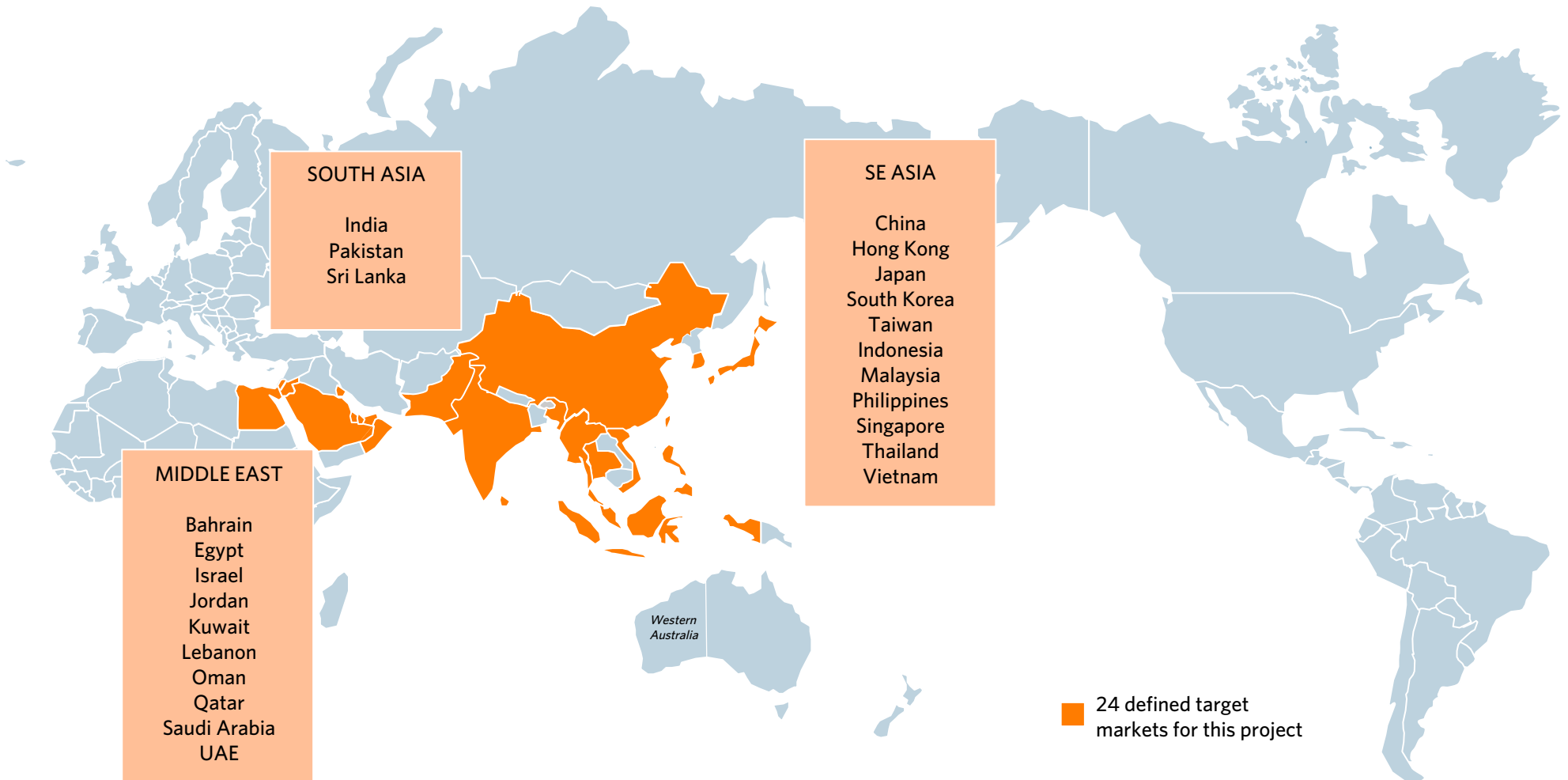
*Model; 2016*



# This project is focused on “market demand” from the following twenty-four Asian/Middle Eastern markets

## 24 COUNTRIES DEFINED AS HIGH POTENTIAL TARGET MARKETS FOR WESTERN AUSTRALIA

*Target markets; 2015*



*Note: Complete list for analysis purposes, some countries excluded from list if no/limited trade data available (e.g. Iran)*

## WHAT IS THE PRODUCT?

Virgin olive oil emerged in Phase I as one of twenty “high growth, high potential” opportunities for Western Australia; virgin olive oil is the first pressing of the fruit of the olive tree

### PRODUCT OVERVIEW

*Example; 2016*



#### PRODUCT PROFILE

HS Code	150910
Product	Olive oil, virgin
Out-of-scope	Non virgin olive oil, blends, dressings, supplements, etc. as all are covered under other screened trade codes
Origin	Olive tree native to Mediterranean, oil being produced by 6,000 BC
Example ingredients	Olives
Forms/usage	<ul style="list-style-type: none"><li>- Extensively used in Middle Eastern cuisines</li><li>- Used in Asia when cooking Mediterranean cuisines</li><li>- Cooking oil, ingredient, dressings, dip, marinating</li><li>- Ingredient in cosmetics, pharmaceuticals, soaps, oil lamps</li></ul>
Drivers of consumer/market success	<ul style="list-style-type: none"><li>- Health benefits of virgin olive oil</li><li>- Flavour profile</li><li>- Status as premium oil to use as dip and dressings</li></ul>

## DOCUMENT STRUCTURE

What is the strategic situation in the market?

In this environment, what is the opportunity for Western Australia?

Who are the potential in-market partners?

Who are the key firms in Western Australia capable of delivering?



## Western Australia is well-positioned to grow virgin olive oil exports to Asia

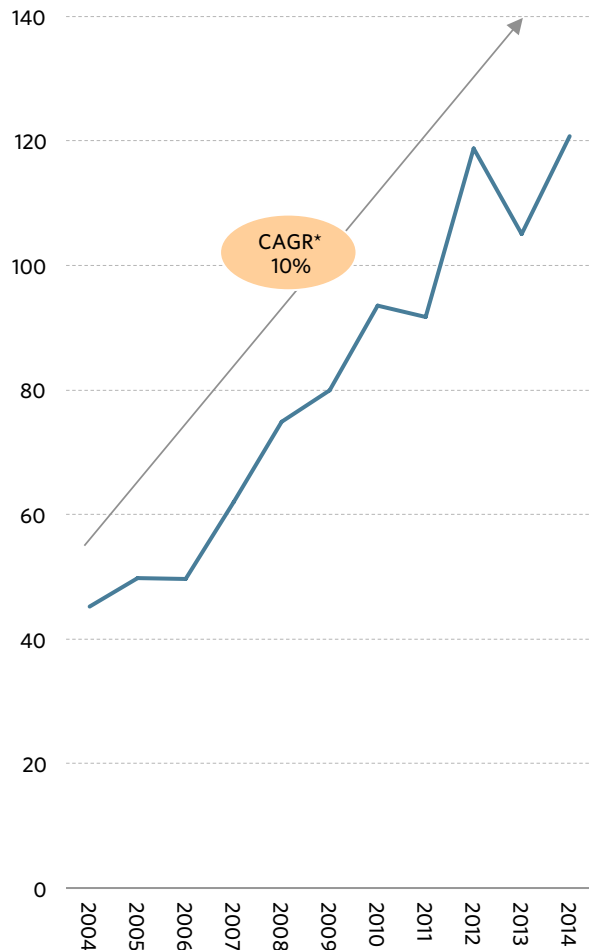
- Asian virgin olive oil imports are increasing, with import value growth being driven by rising volume across low/no FOB (free-on-board) price increases
- Asian & Middle Eastern import supply is effectively two countries: Spain and Italy
  - Spain and Italy have been the drivers of export growth to Asia and the Middle East
  - Spain leads in both absolute volume growth and rate of growth, followed closely by Italy
  - Average FOB price to target Asian markets vary by supplier, with Australia achieving a slight discount to Italy, but a premium to Spain
- While virgin olive oil goes to a wide number of the target markets, East Asia is the key region; both Japan and China have large imports
  - East Asia - in particular Japan - is driving regional import growth
  - Market growth is coming from Japan, China, South Korea and Taiwan
  - Average import prices vary by market, with Taiwan and Japan standing out as attractive
  - Virgin olive oil consumption and aggregate imports appear strongly driven by income per capita; a number of markets appear to have long-run penetration upside (China in particular)
- Italy and Spain trade off leadership across most markets; Australia has pockets of strength, particularly in China
- Western Australia has clear opportunities for further virgin olive oil export growth in Asia, particular in East Asia
- Data supports new high value, premium olive oil opportunities being initially launched in (1) China, (2) Hong Kong and (3) Japan
- As a "Straw Man" for discussion, we identify a export market roll-out plan

# Asian virgin olive oil imports are increasing, with import value growth being driven by rising volume across low/no FOB (free-on-board) price increases

## TOTAL IMPORTS TO ASIA/MIDDLE EAST TARGET REGION (24 COUNTRIES)

### VOLUME

T; 000; 2004-2014



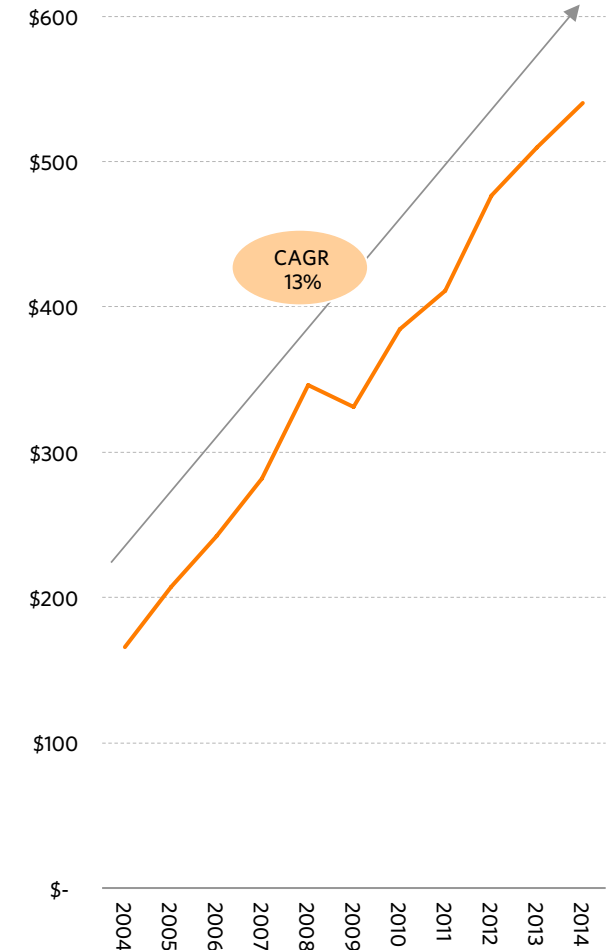
### AVERAGE PRICE PER KILOGRAM

US\$; 2004-2014



### VALUE

US\$m; 2004-2014



\* Compound Annual Growth Rate; Source: UN Comtrade database; Coriolis analysis and classifications

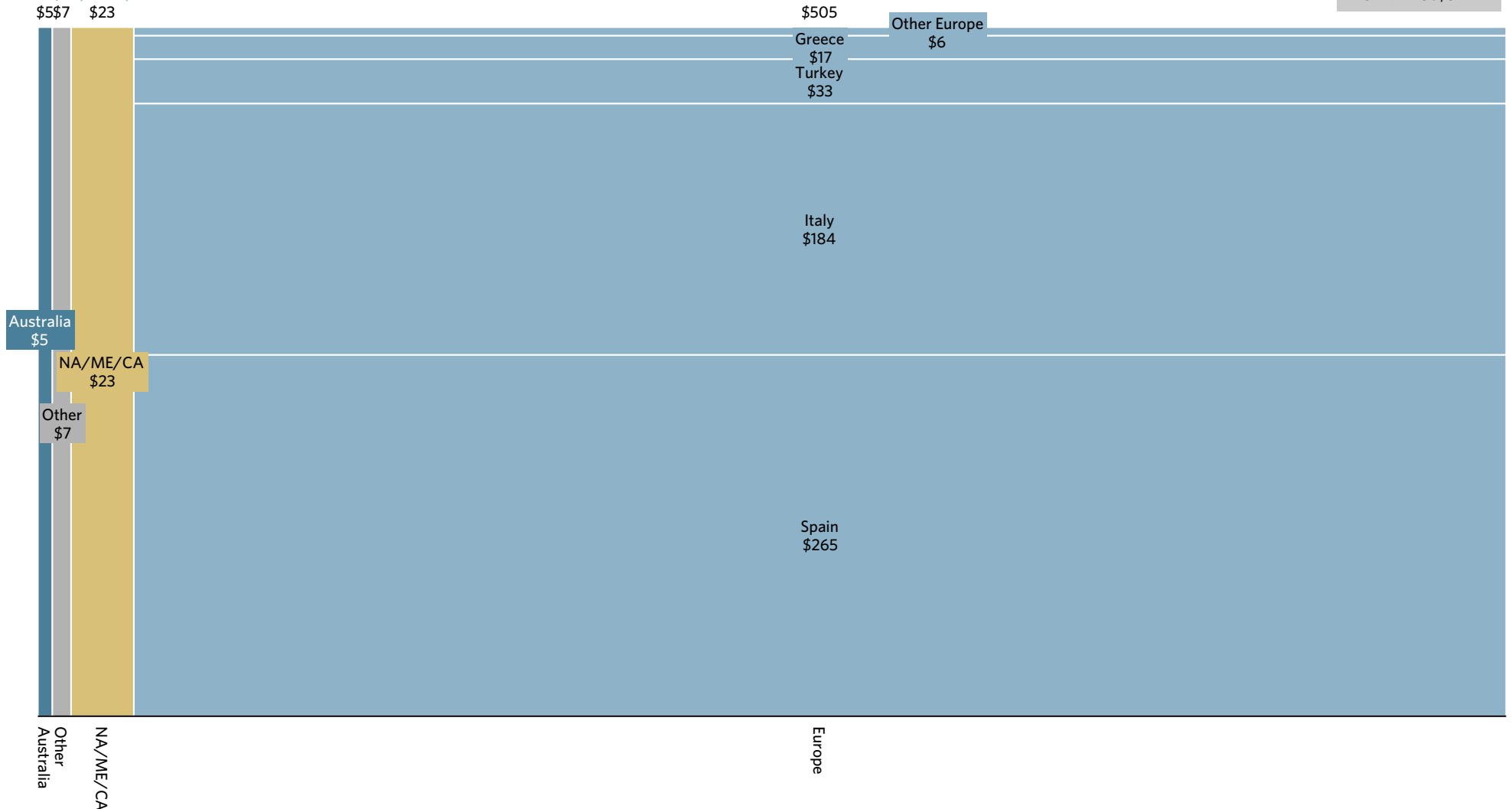


# Asian & Middle Eastern import supply is effectively two countries: Spain and Italy

## EXPORT VALUE BY SUPPLIER TO TARGET REGION

US\$m; FOB; 2014

TOTAL = US\$541m



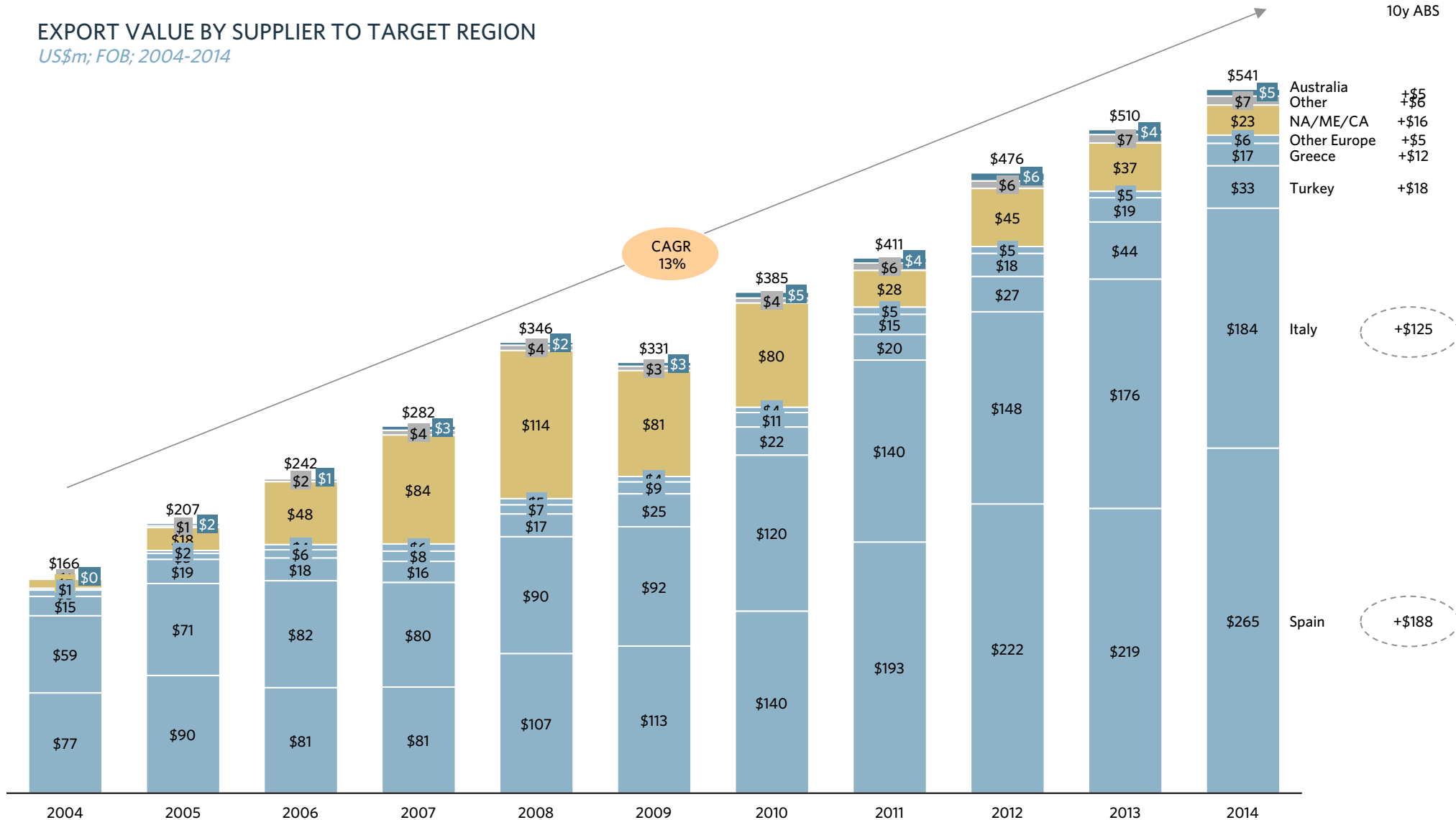
NA/ME/CA = North Africa/Middle East/Central Asia; Note: data is as reported by sender (FOB), not receiver; Source: UN Comtrade database; Coriolis analysis and classifications

# Spain and Italy have been the drivers of export growth to Asia and the Middle East

## EXPORT VALUE BY SUPPLIER TO TARGET REGION

US\$m; FOB; 2004-2014

10y ABS

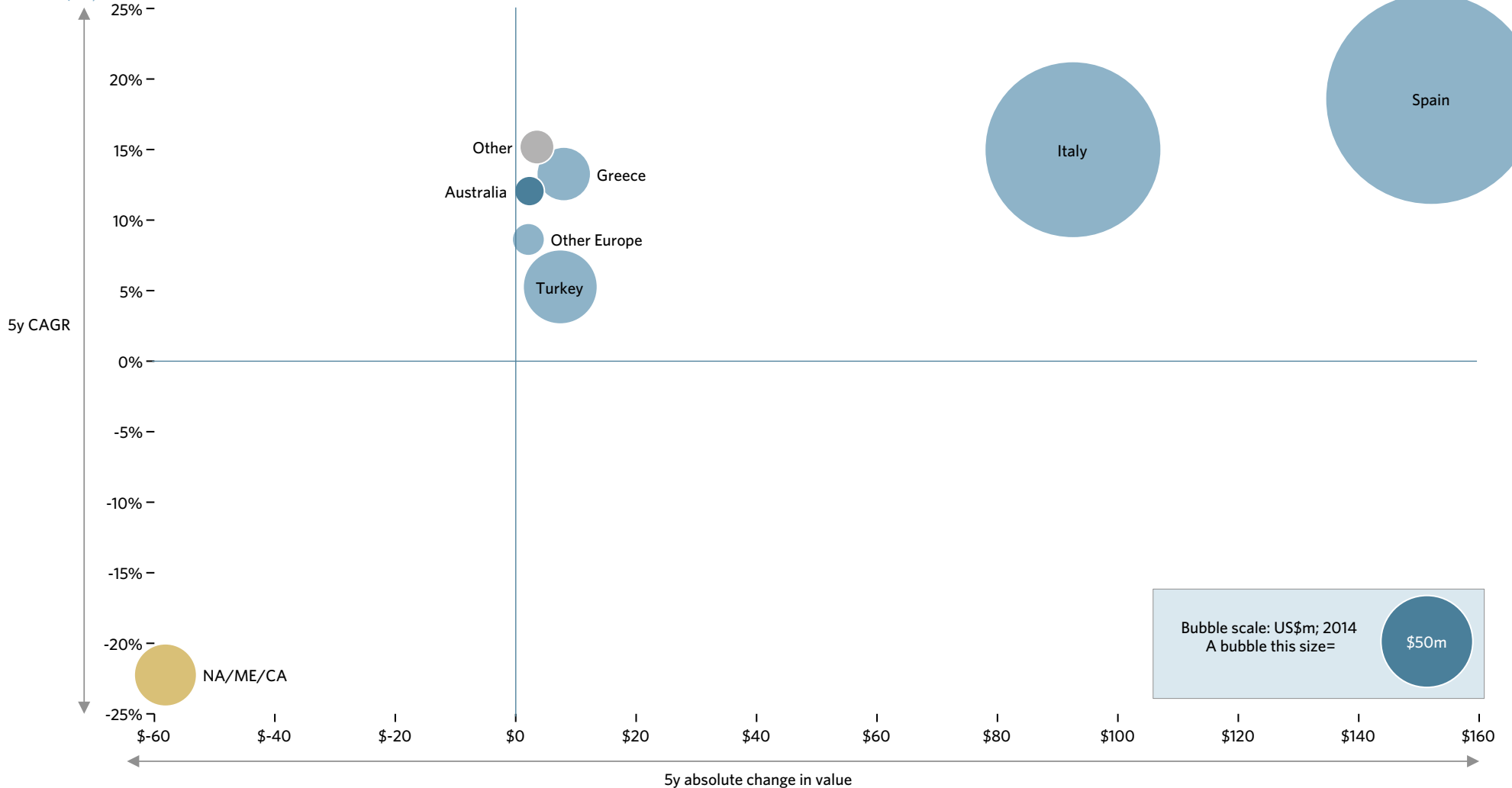


Note: data is as reported by sender (FOB), not receiver; Source: UN Comtrade database; Coriolis analysis and classifications

# Spain leads in both absolute volume growth and rate of growth, followed closely by Italy

FIVE YEAR EXPORT GROWTH MATRIX: CHANGE IN VALUE VS. RATE OF GROWTH VS. ABSOLUTE VALUE

US\$m; 2009 vs. 2014

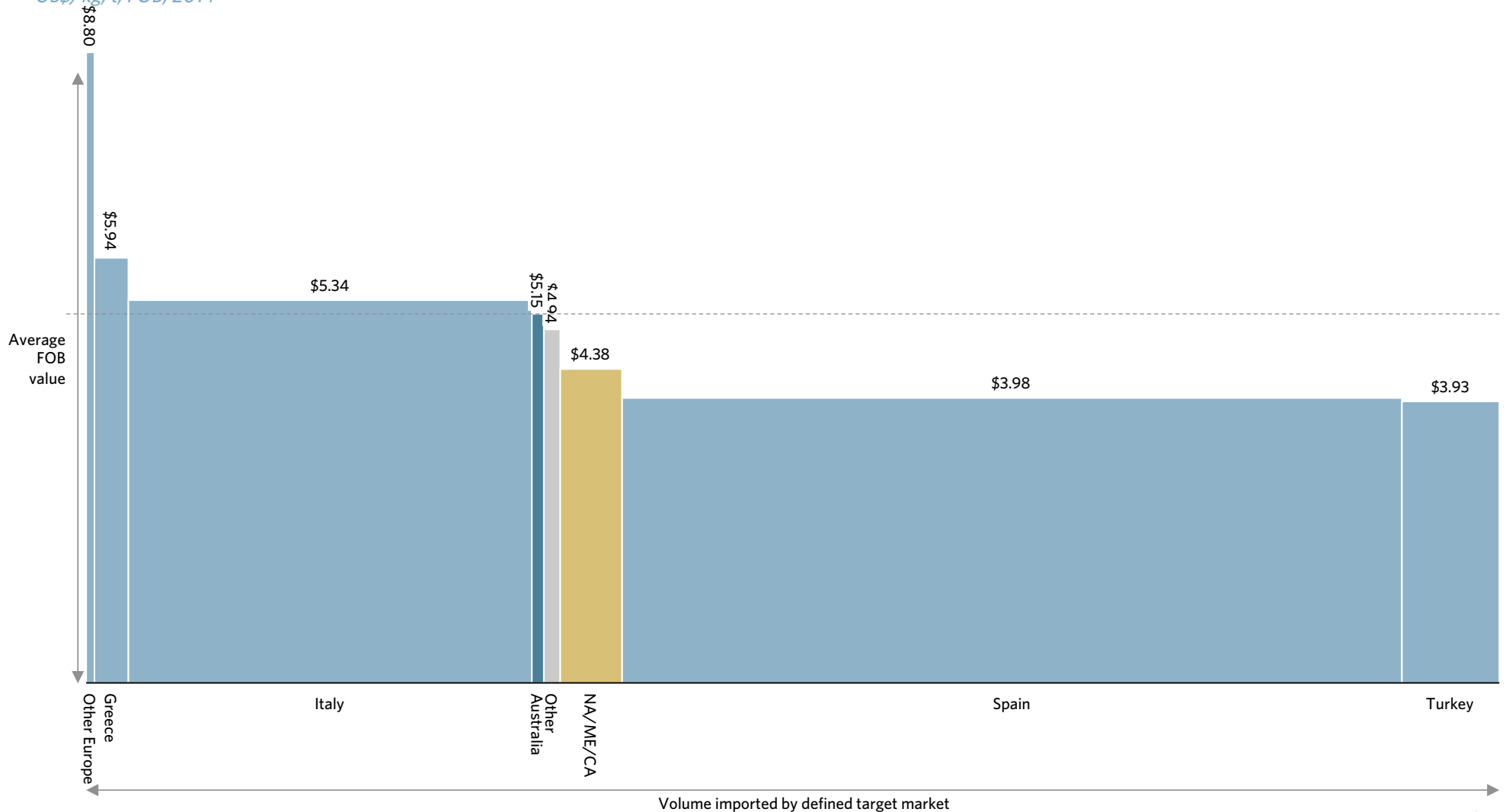


Note: data is as reported by sender (FOB), not receiver; Source: UN Comtrade database; Coriolis analysis and classifications

# Average FOB price to target Asian markets vary by supplier, with Australia achieving a slight discount to Italy, but a premium to Spain

## AVERAGE EXPORT VALUE COST CURVE BY SUPPLIER

US\$/kg; t; FOB; 2014



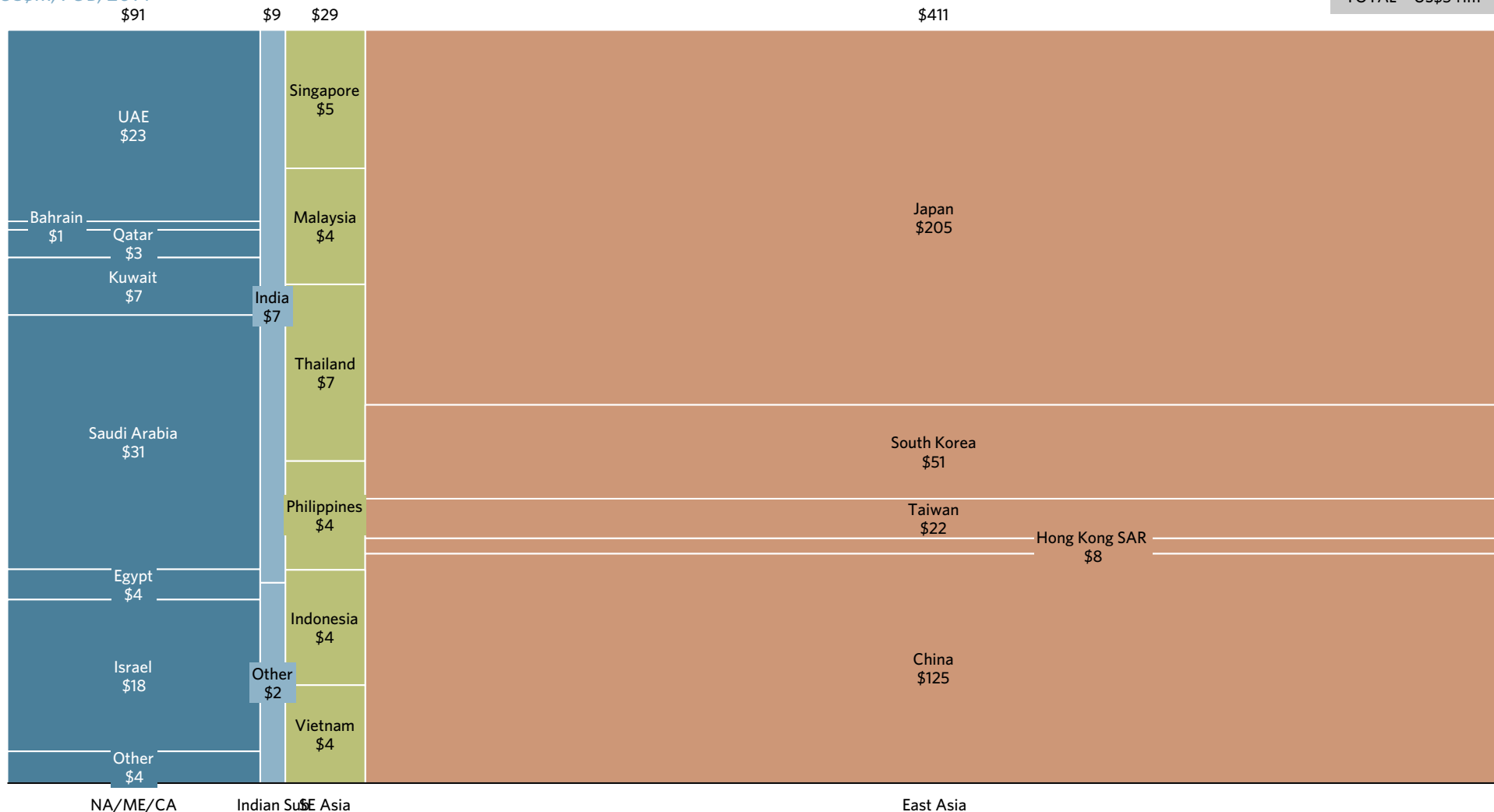
Note: data is as reported by sender (FOB), not receiver; Source: UN Comtrade database; Coriolis analysis and classifications

While virgin olive oil goes to a wide number of the target markets, East Asia is the key region; both Japan and China have large imports

### IMPORT VALUE BY MARKET BY REGION

US\$m; FOB; 2014

TOTAL = US\$541m

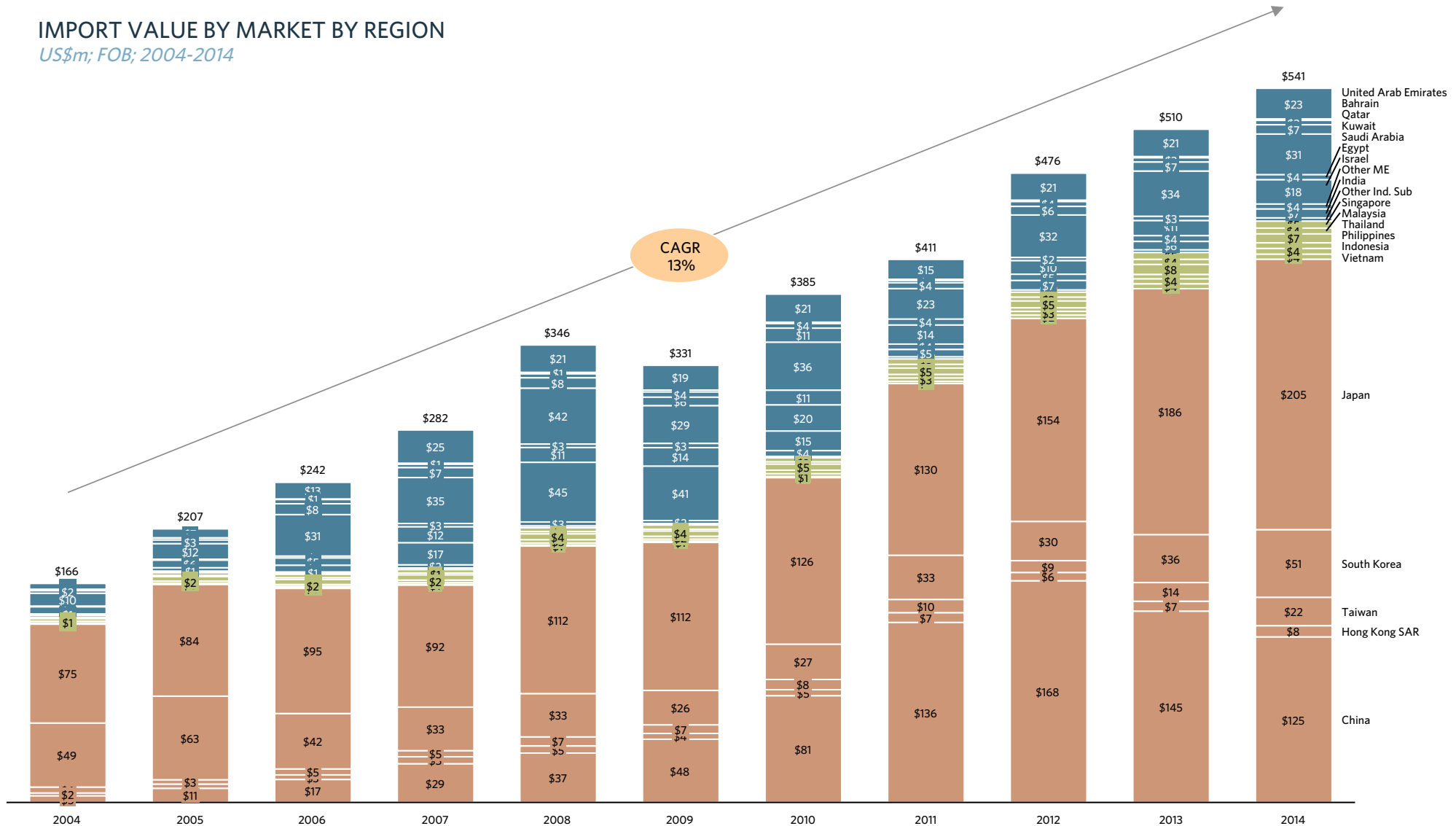


Note: data is as reported by sender (FOB), not receiver; Source: UN Comtrade database; Coriolis analysis and classifications

# East Asia - in particular Japan - is driving regional import growth

## IMPORT VALUE BY MARKET BY REGION

US\$m; FOB; 2004-2014

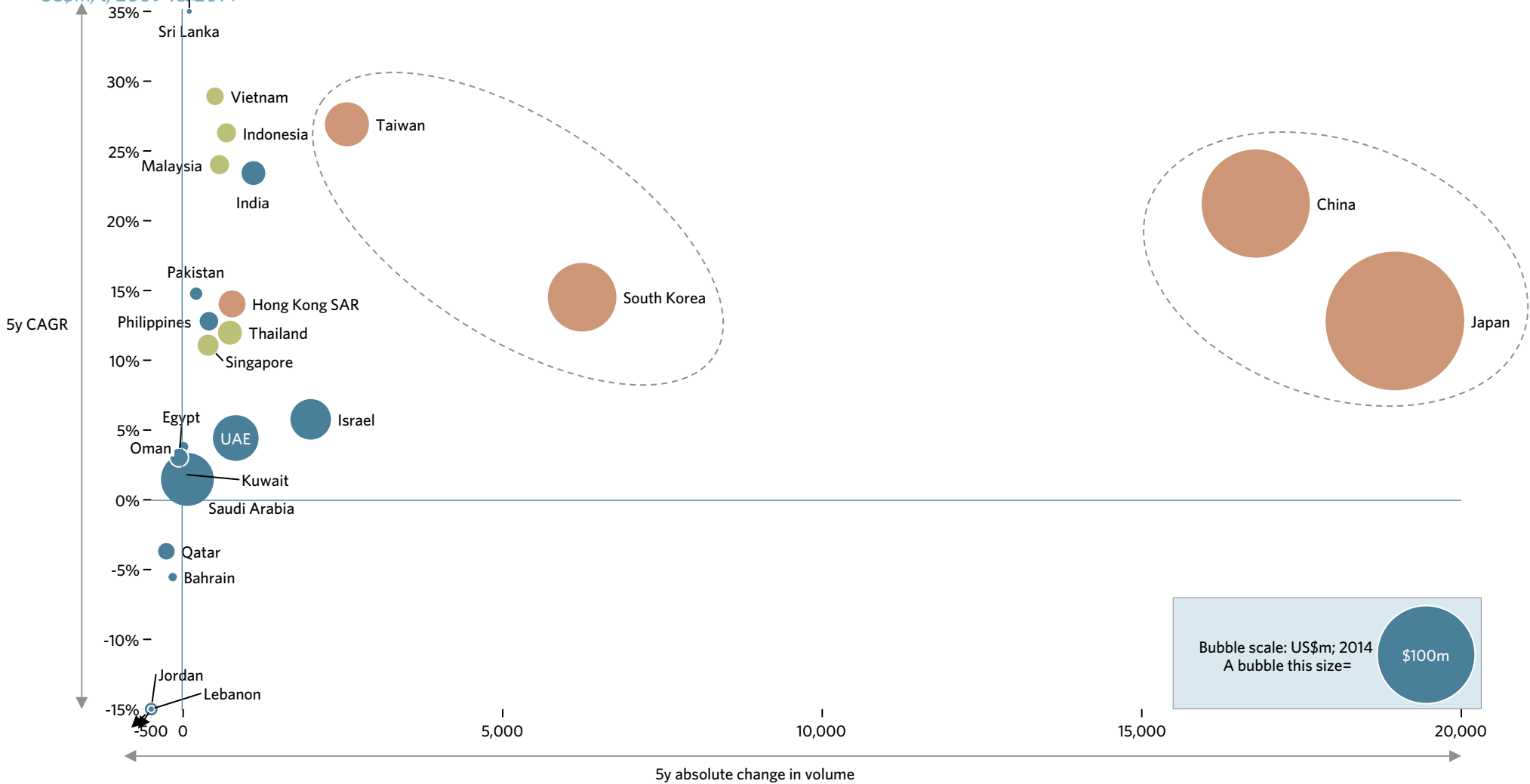


Note: data is as reported by sender (FOB), not receiver; Source: UN Comtrade database; Coriolis analysis and classifications

# Market growth is coming from Japan, China, South Korea and Taiwan

FIVE YEAR IMPORT GROWTH MATRIX: CHANGE IN VOLUME VS. RATE OF GROWTH VS. ABSOLUTE VALUE

US\$m; t; 2009 vs 2014

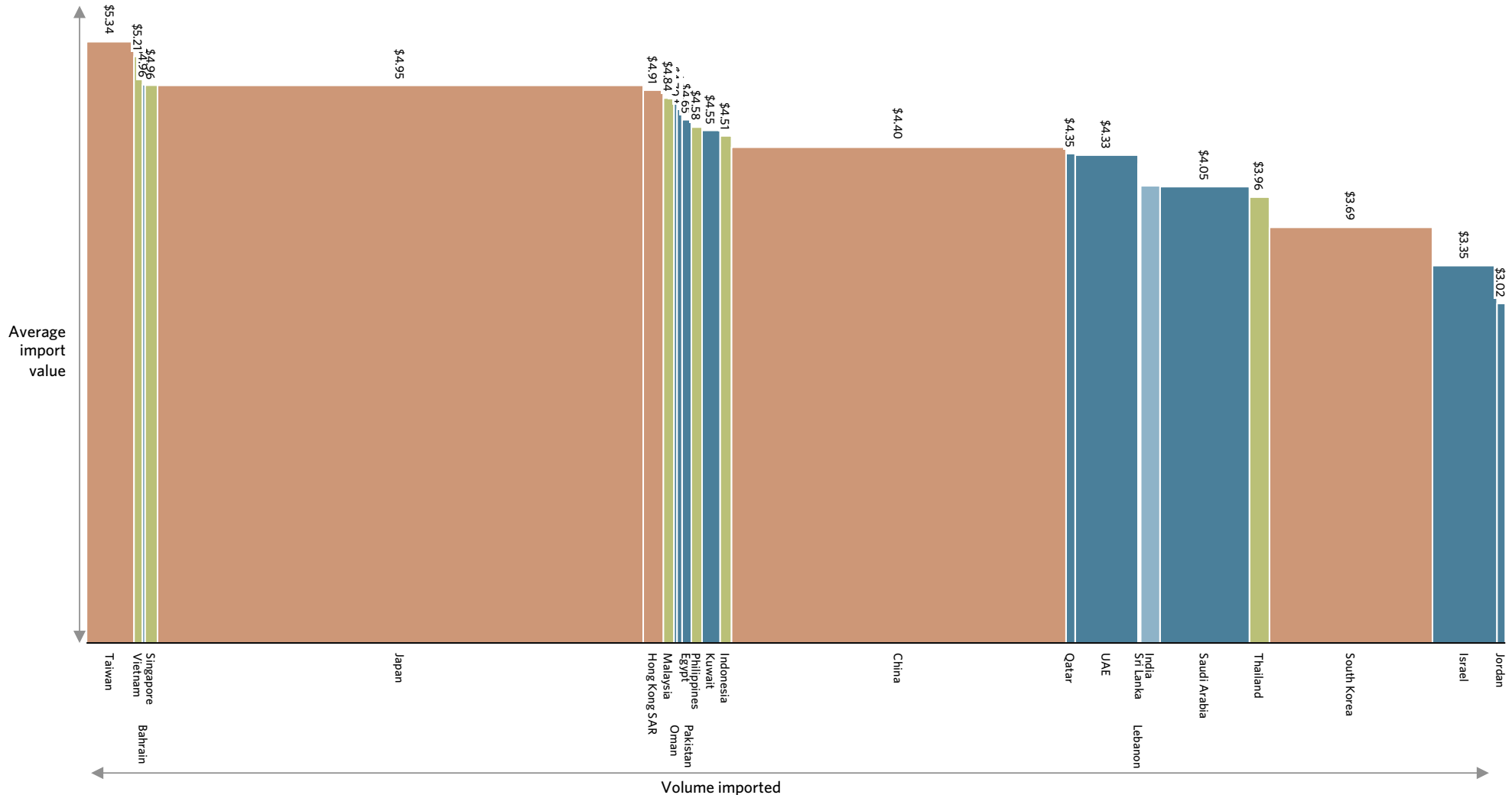


Note: data is as reported by sender (FOB), not receiver; Source: UN Comtrade database; Coriolis analysis and classifications

# Average import prices vary by market, with Taiwan and Japan standing out as attractive

## AVERAGE IMPORT VALUE COST CURVE BY MARKET/REGION

US\$/kg; t; FOB; 2014



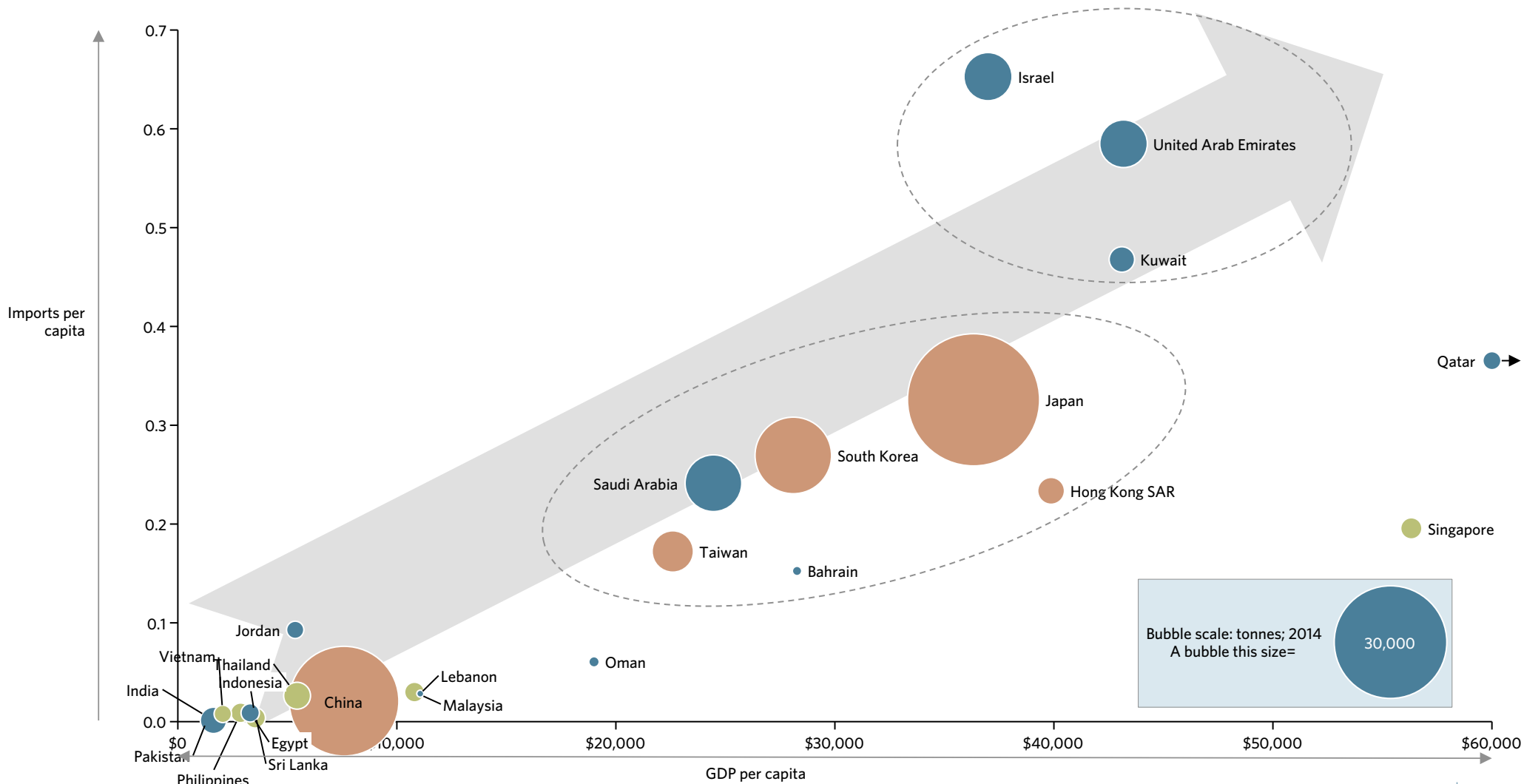
Note: data is as reported by sender (FOB), not receiver; Source: UN Comtrade database; Coriolis analysis and classifications



Virgin olive oil consumption and aggregate imports appear strongly driven by income per capita; a number of markets appear to have long-run penetration upside (China in particular)

### MARKET SIZE DRIVERS: GDP PER CAPITA VS. IMPORTS PER CAPITA VS. MARKET SIZE

*Kg; US\$; t; 2014*

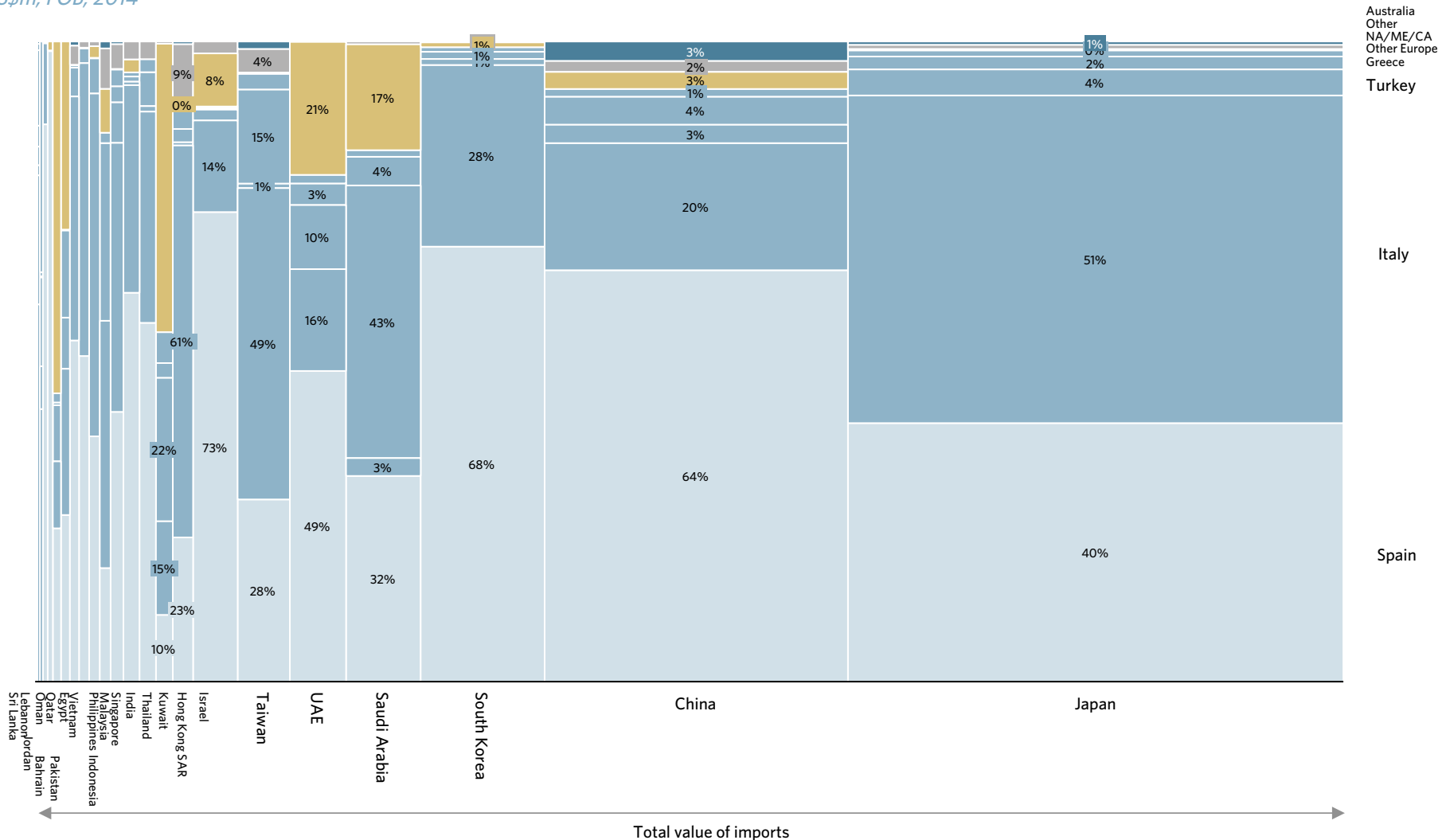


Note: data is as reported by sender (FOB), not receiver; Source: UN Comtrade database; Wikipedia (GDP/capita); Coriolis analysis and classifications

# Italy and Spain trade off leadership across most markets; Australia has pockets of strength, particularly in China

## IMPORT VALUE MARKET SHARE BY MARKET BY KEY SUPPLIER

US\$m; FOB; 2014

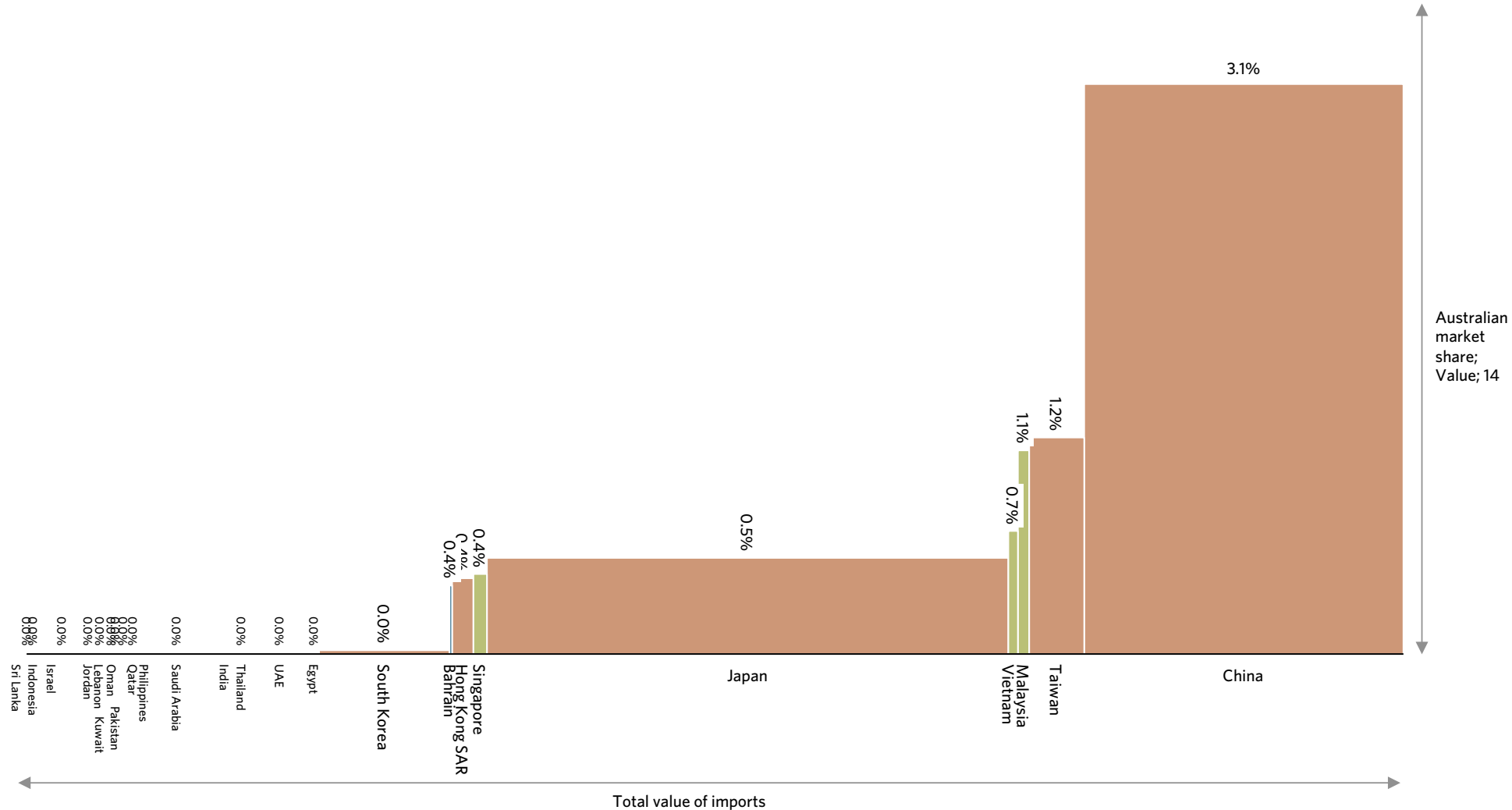


Note: data is as reported by sender (FOB), not receiver; Source: UN Comtrade database; Coriolis analysis and classifications

# Western Australia has clear opportunities for further virgin olive oil export growth in Asia, particularly in East Asia

## AUSTRALIAN IMPORT VALUE MARKET SHARE VS. MARKET VALUE

US\$m; FOB; 2014

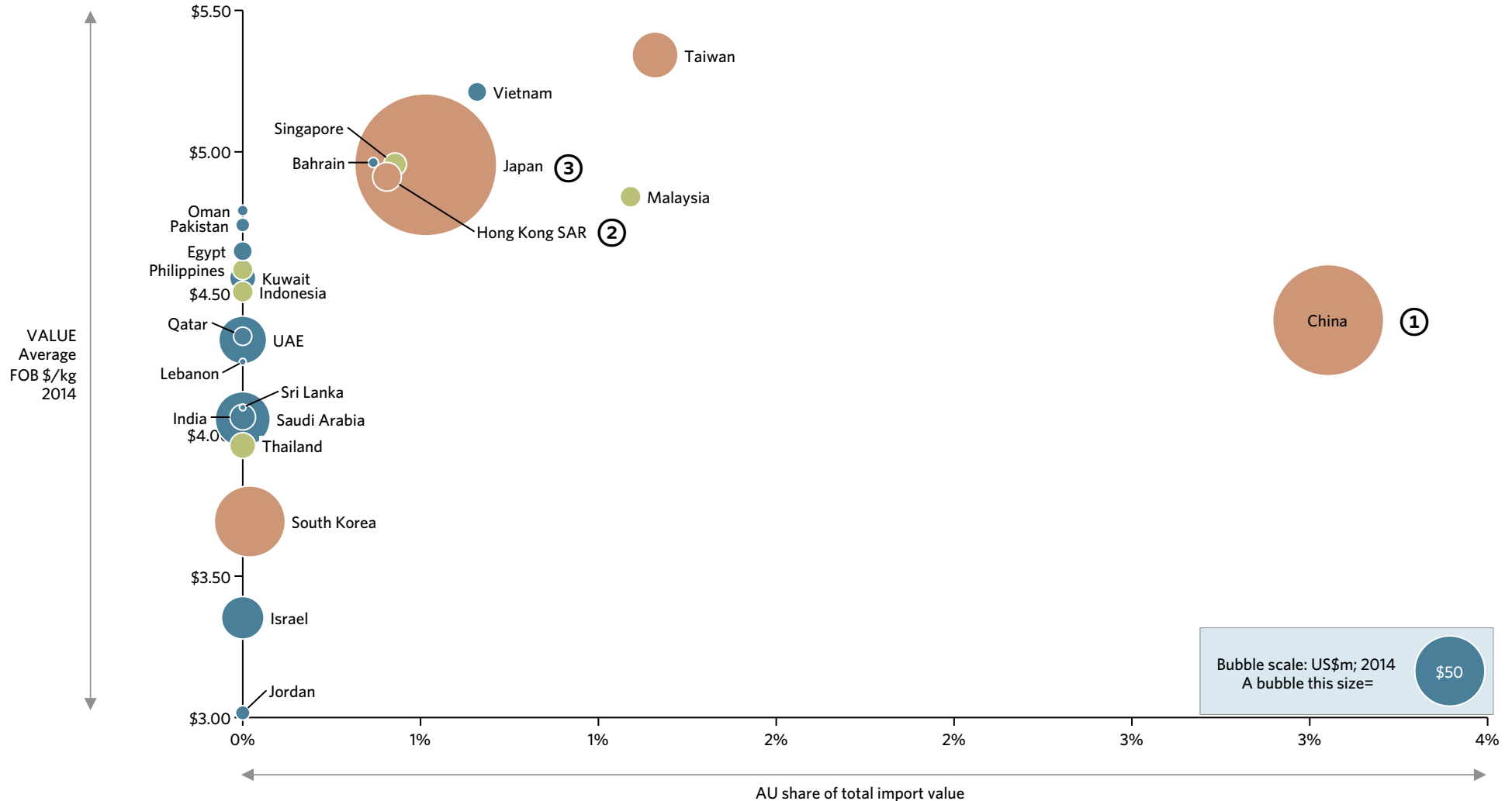


Note: data is as reported by sender (FOB), not receiver; Source: UN Comtrade database; Coriolis analysis and classifications

# Data supports new high value, premium olive oil opportunities being initially launched in (1) China, (2) Hong Kong and (3) Japan

## WHERE TO FOCUS FOR NEW HIGH VALUE, PREMIUM PRODUCTS: AU SHARE VS. AVERAGE VALUE VS. MARKET SIZE

% of value; US\$; US\$m; 2014



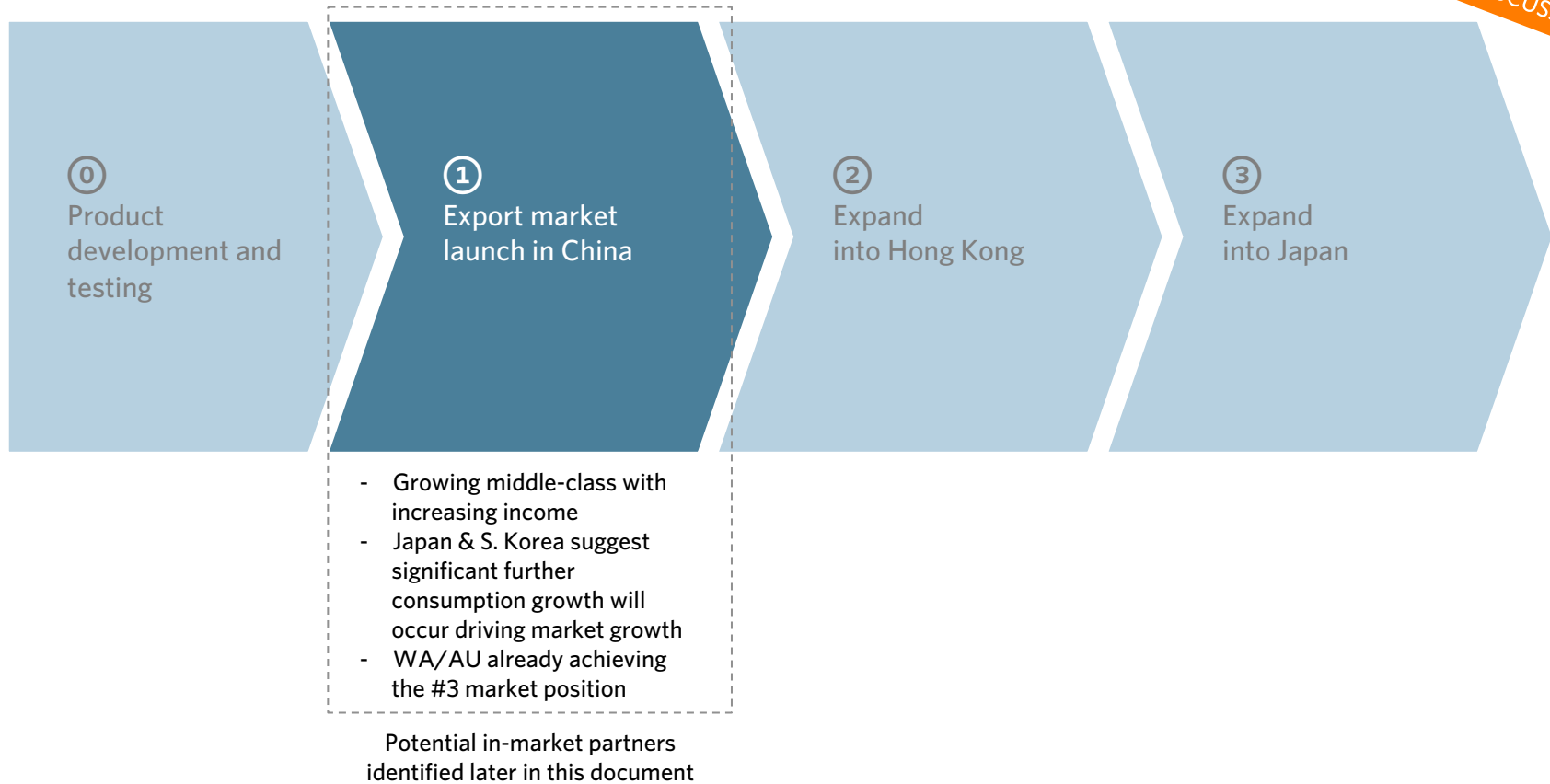
Note: data is as reported by sender (FOB), not receiver; Source: UN Comtrade database; Coriolis analysis and classifications

# As a "Straw Man" for discussion, we identify a export market roll-out plan

## PRELIMINARY "STRAW MAN" DEVELOPMENT & ROLLOUT PLAN FOR VIRGIN OLIVE OIL OPPORTUNITY

Model; 2016

THOUGHT STARTER  
"STRAW MAN" MODEL  
FOR DISCUSSION



## DOCUMENT STRUCTURE

What is the strategic situation in the market?

In this environment, what is the opportunity for Western Australia?

Who are the potential in-market partners?

Who are the key firms in Western Australia capable of delivering?



## Western Australia can grow extra virgin olive oil exports to Asia, but innovation is required

### IS THE MARKET DEVELOPED & COMPETITIVE?

- The flow of olive oil from the farm through to the consumer is relatively straight forward and simple
- Extra virgin olive oil prices are competitive in Asia; there is a premium for “origin” and organic in some markets
- Asian markets have a much less developed virgin olive oil range and offer than Western countries
- “Leading indicator” Western markets strongly suggest depth of range in Asian virgin olive oil markets will increase going forward
- Olive oil appears to support a market structure of ~5-6 brands and private label; global leaders exist (e.g. Colavita, Bertolli, Filippo Berio) and are in Asia

### WHAT IS WA CAPABLE OF DELIVERING?

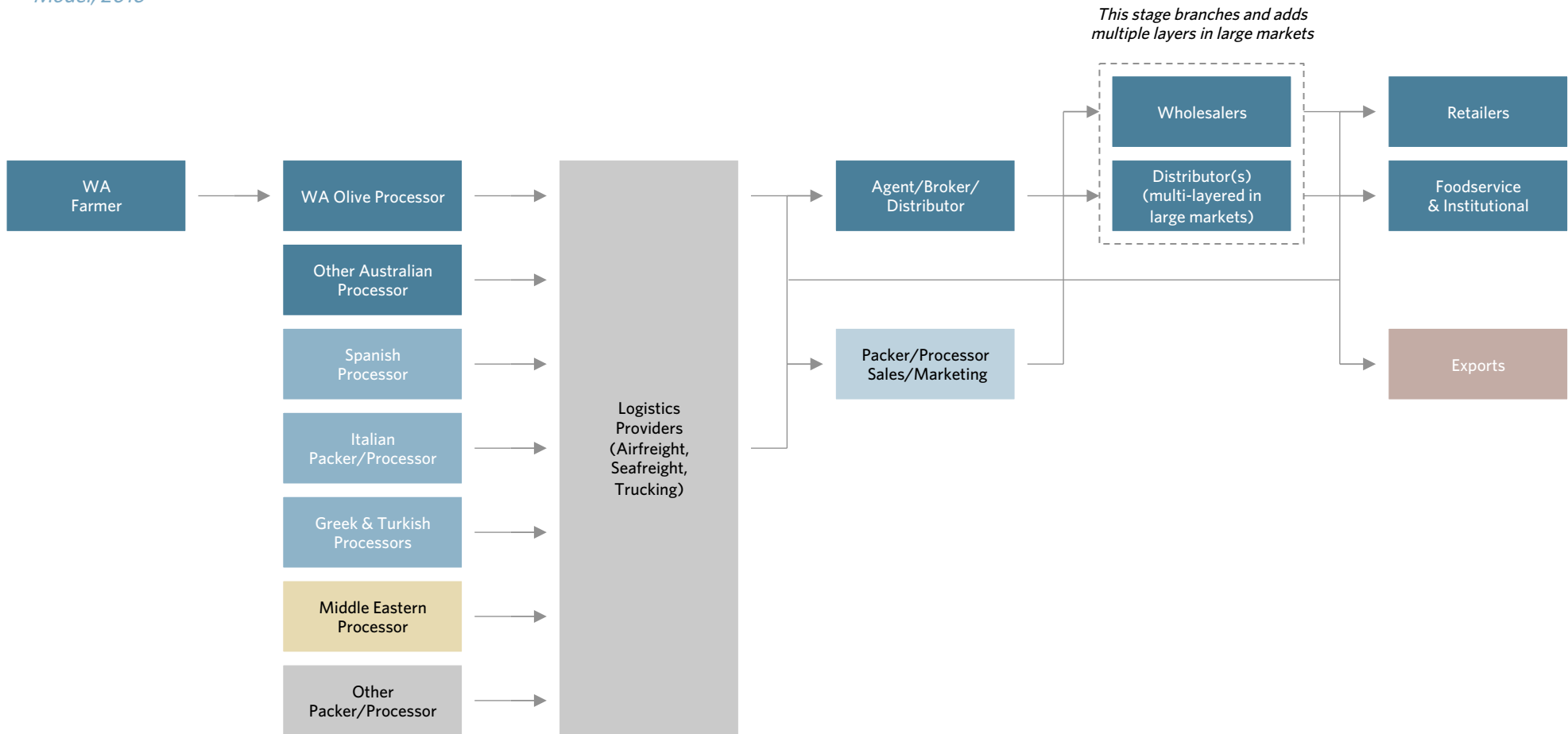
- A range of premium, value-adding product attributes emerged from our cross-country retailer survey
- Western Australian virgin olive oil producers need to continue to move forward and improve through new products
- Multiple potential positions exist to develop a premium extra virgin olive oil offer for Asia
- Products from other processors in other markets demonstrate what is possible in terms of developing a premium Western Australian extra virgin olive oil offer
- There are a wide range of potential product positions or claims available for a premium extra virgin olive oil product from Western Australia targeting Asia
- As a “Straw Man” for discussion, we identify an opportunity for a high value, premium extra virgin olive oil product with select characteristics for export market launch

# HOW IS THE MARKET STRUCTURED?

The flow of olive oil from the farm through to the consumer is relatively straight forward and simple

## SIMPLIFIED MODEL OF SUPPLY CHAIN: OLIVE OIL

*Model; 2016*



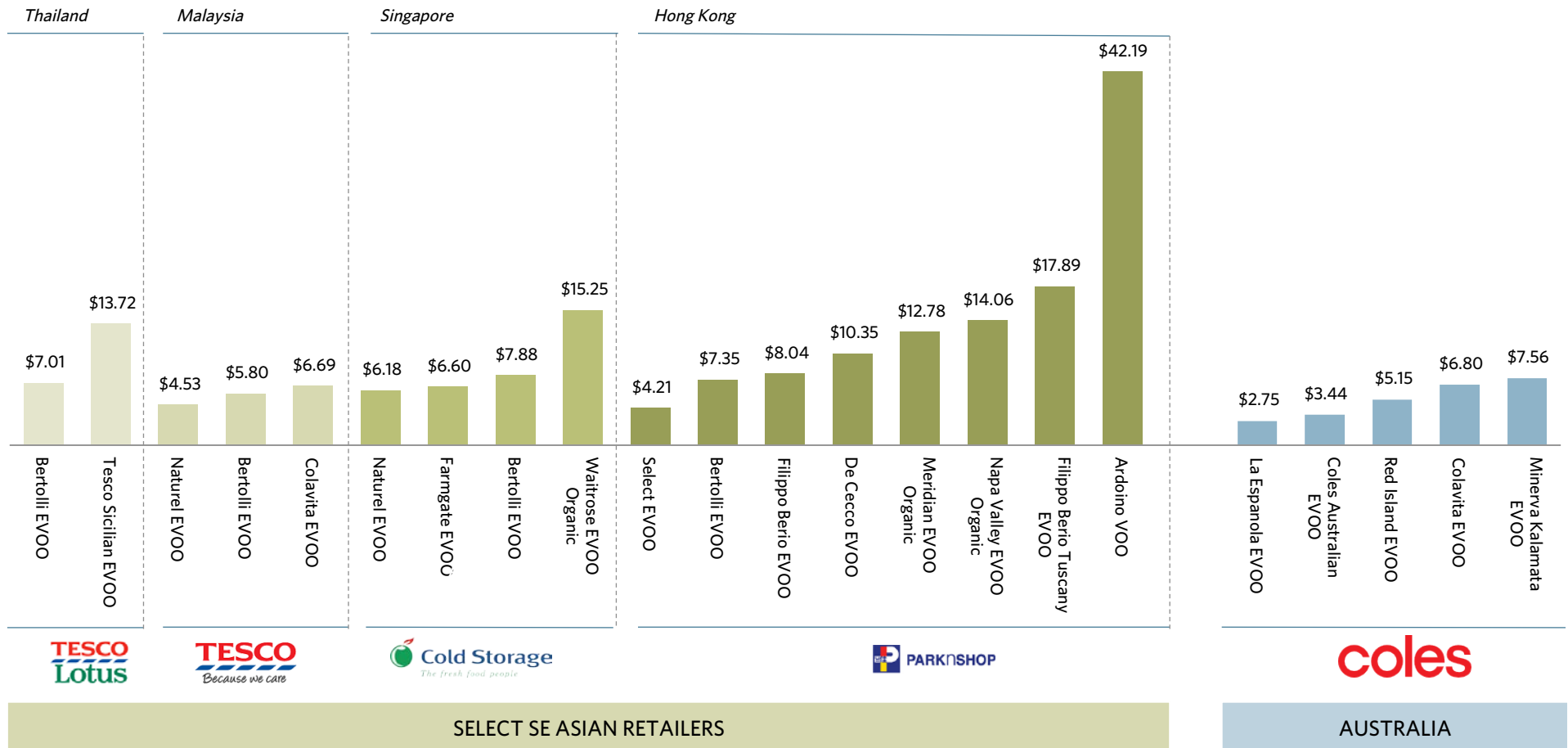


# WHO IS THE COMPETITION? PRICING

Extra virgin olive oil prices are competitive in Asia; there is a premium for “origin” and organic in some markets

## SHELF PRICE PER 500ML BOTTLE ACROSS SELECT SE ASIAN MARKETS AND AUSTRALIA: VIRGIN OLIVE OIL

US\$/500ml; Jan 2016



# WHAT IS ON THE SHELF? RANGE IN MARKET

Asian markets have a much less developed virgin olive oil range and offer than Western countries

EXAMPLE: ACTUAL 500ML VIRGIN OLIVE OIL RANGE ON SHELF

Jan 2016

Waitrose

London: GDP/Capita US\$75,200



EXAMPLE 500ml

惠康 wellcome

Hong Kong: GDP/Capita US\$40,169

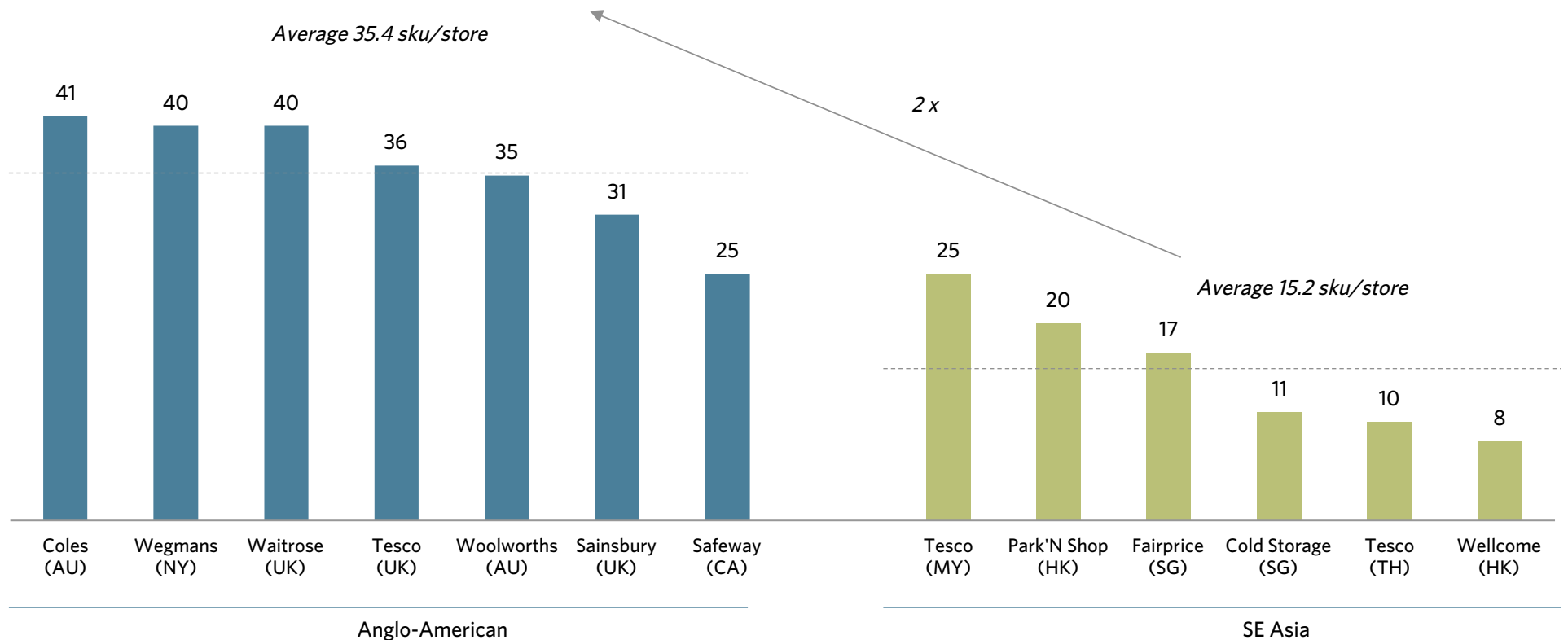


# IS THE MARKET DEVELOPED & COMPETITIVE? RANGE

“Leading indicator” Western markets strongly suggest depth of range in Asian virgin olive oil markets will increase going forward

## NUMBER OF LINES ON SHELF: SELECT RETAILERS FROM ACROSS MULTIPLE MARKETS

SKU; actual; Jan 2016



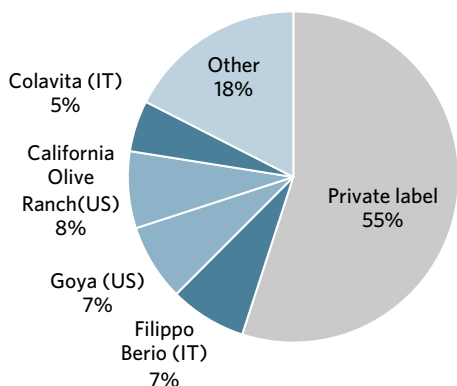
# IS THE MARKET DEVELOPED & COMPETITIVE? SHARE DISTRIBUTION

Olive oil appears to support a market structure of ~5-6 brands and private label; global leaders exist (e.g. Colavita, Bertolli, Filippo Berio) and are in Asia

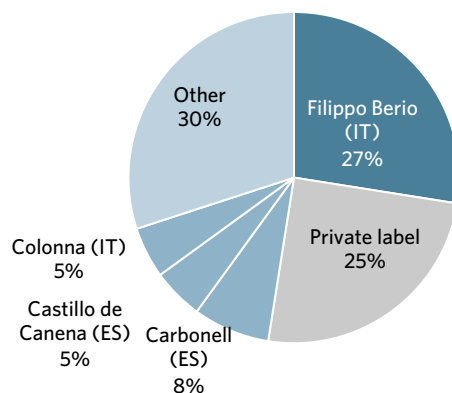
## MARKET SHARE BY BRAND: SELECT RETAILERS FROM ACROSS MULTIPLE MARKETS

SKU; actual; 2016

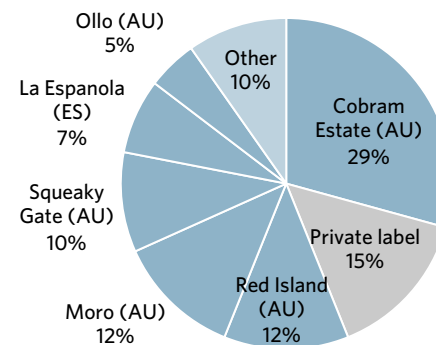
*Wegman's (NY)*



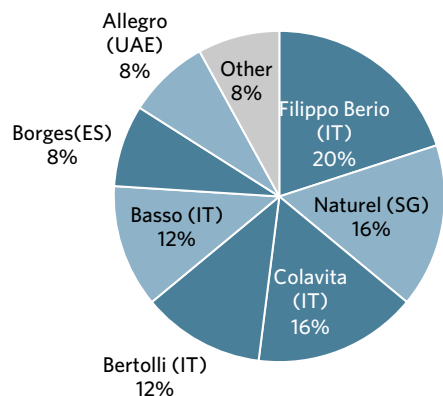
*Waitrose (UK)*



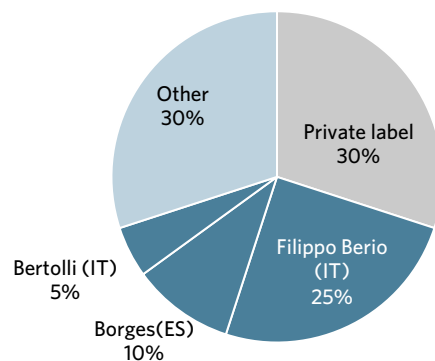
*Coles (AU)*



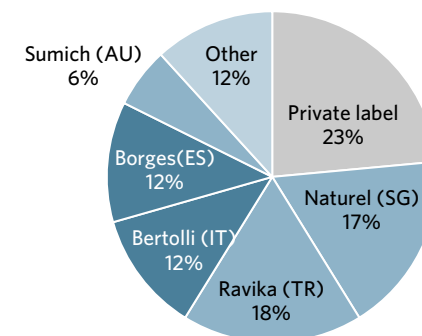
*Tesco (MY)*



*Park 'N Shop (HK)*



*Fairprice (SG)*

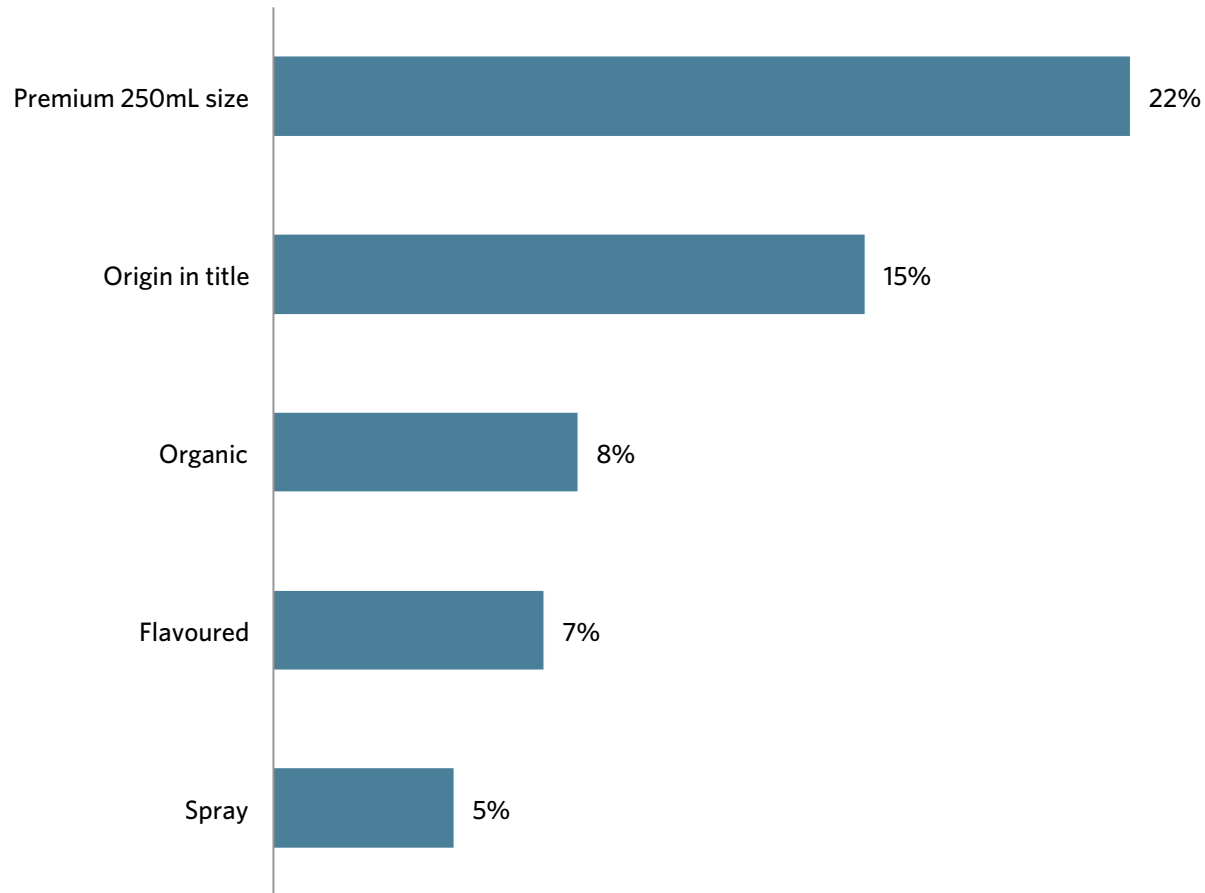


# IS THE MARKET DEVELOPED & COMPETITIVE? PRODUCT ATTRIBUTES

A range of premium, value-adding product attributes emerged from our cross-country retailer survey

## PERCENT OF OBSERVED PRODUCTS ON SHELF MAKING THE CLAIM ON PACK

*% of SKU; N=343; Jan 2016*



## TAKEAWAYS

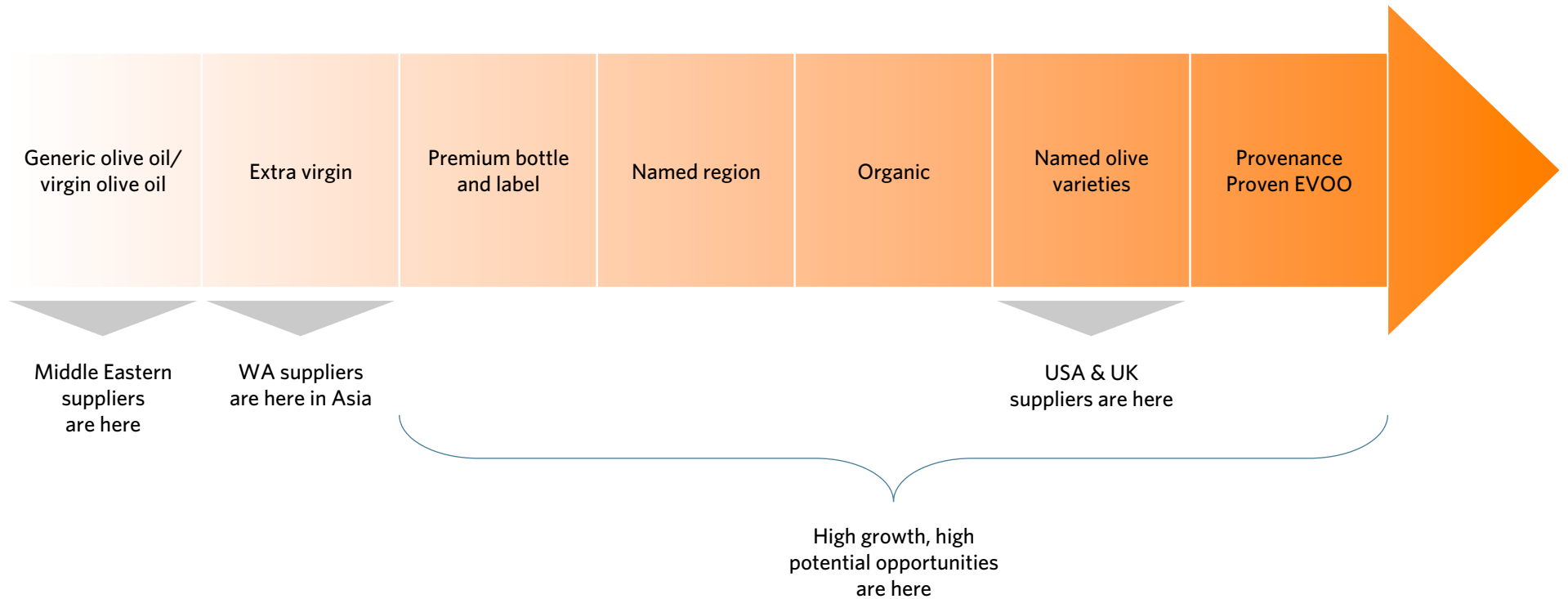
- This provide very clear instruction on what product attributes are succeeding the most across markets
- Western Australian virgin olive oil producers looking to grow value and share should focus in these areas
- Packaging and promoting origin stand out, with many observed product SKU using these approaches
- Survey universe is all products in all listed retailers (across multiple countries)

# WHAT IS WA CAPABLE OF DELIVERING? STRATEGIC DIRECTION

Western Australian extra virgin olive oil producers need to continue to move forward and improve through new products

SUGGESTED STRATEGIC DIRECTION: WESTERN AUSTRALIAN VIRGIN OLIVE OIL

*Model; 2016*



# WHAT IS WA CAPABLE OF DELIVERING? CLAIMS

Multiple potential positions exist to develop a premium extra virgin olive oil offer for Asia

## IDENTIFIED POTENTIAL PREMIUM POSITIONS

Model; 2016



Heart healthy

Reduces inflammation

Lowers LDL-cholesterol

Rich in antioxidants

High in vitamin E

Decreases blood pressure

Preventative of arthritis

Helps calcium absorption

Organic

Identified source region

Unadulterated

Track & trace

Cold-pressed

Gourmet varieties

Attractive packaging

Fresh

Flavoured

Pourers

Range of sizes

Dressings and marinades

# WHAT IS WA CAPABLE OF DELIVERING? GLOBAL PEERS

Products from other processors in other markets demonstrate what is possible in terms of developing a premium Western Australian extra virgin olive oil offer

## EXAMPLES OF PREMIUM PRODUCTS FROM OTHER MARKETS

Select; 2016



- Convenient
- Healthy
- 100% olive oil spray
- For dressings & flavouring
- No added water
- No added alcohol
- No aerosol propellant
- Low calorie cooking

- Unique packaging
- Origin in name
- Variety of olives named
- Limited edition
- "Exclusive selection"
- PDO

- Equal Exchange/Fairtrade
- Organic
- Origin in name
- Region/variety in name
- Supporting small farmers
- Since 1981

- Convenience
- Pop up pourer in cap
- "New & exclusive"
- "Passion in every drop"



# WHAT IS A POTENTIAL WA OFFER?

There are a wide range of potential product positions or claims available for a premium extra virgin olive oil product from Western Australia targeting Asia

## HYPOTHETICAL EXAMPLE OF POTENTIAL PREMIUM PRODUCT FROM WA

*Model; 2016*



High in antioxidants

High in vitamin E

Heart healthy



From Western Australia

Organic

Unadulterated



Cold-pressed

Attractive packaging



Pourer container

# WHAT IS THE IDENTIFIED OPPORTUNITY?

As a "Straw Man" for discussion, we identify an opportunity for a high value, premium extra virgin olive oil product with select characteristics for export market launch

PRELIMINARY "STRAW MAN" DEVELOPMENT & ROLLOUT PLAN FOR VIRGIN OLIVE OIL OPPORTUNITY

Model; 2016

THOUGHT STARTER  
"STRAW MAN" MODEL  
FOR DISCUSSION

## CURRENT WA POSITIONING IN ASIA



Standard bottle

From Australia

## IDENTIFIED HIGH GROWTH, HIGH VALUE OPPORTUNITY FOR WA



From Western Australia

Organic

Australian Flag

High in antioxidants

High in vitamin E

Heart healthy

Pourer in cap

## POTENTIAL FUTURE PRODUCT LINE EXTENSION



Unique packaging

Spray

Origin and variety

Low calorie cooking

## DOCUMENT STRUCTURE

What is the strategic situation in the market?

In this environment, what is the opportunity for Western Australia?

Who are the potential in-market partners?

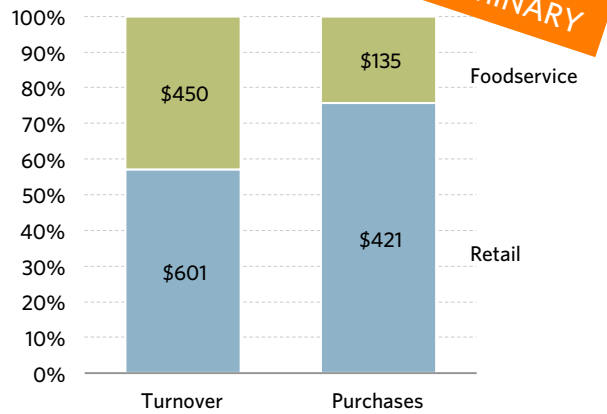
Who are the key firms in Western Australia capable of delivering?



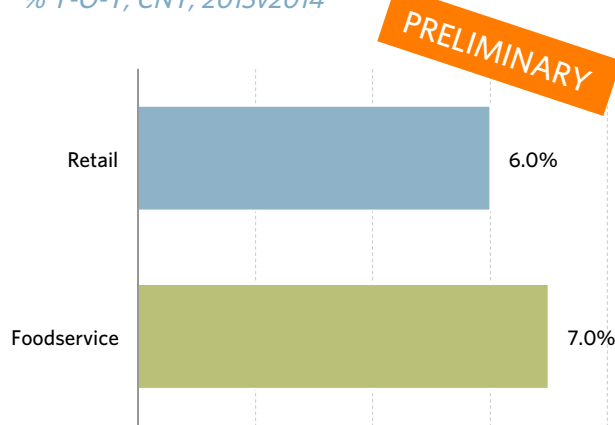
# FOCUS MARKET - 1 - CHINA

China has a robust and well-developed food retailing and foodservice sector

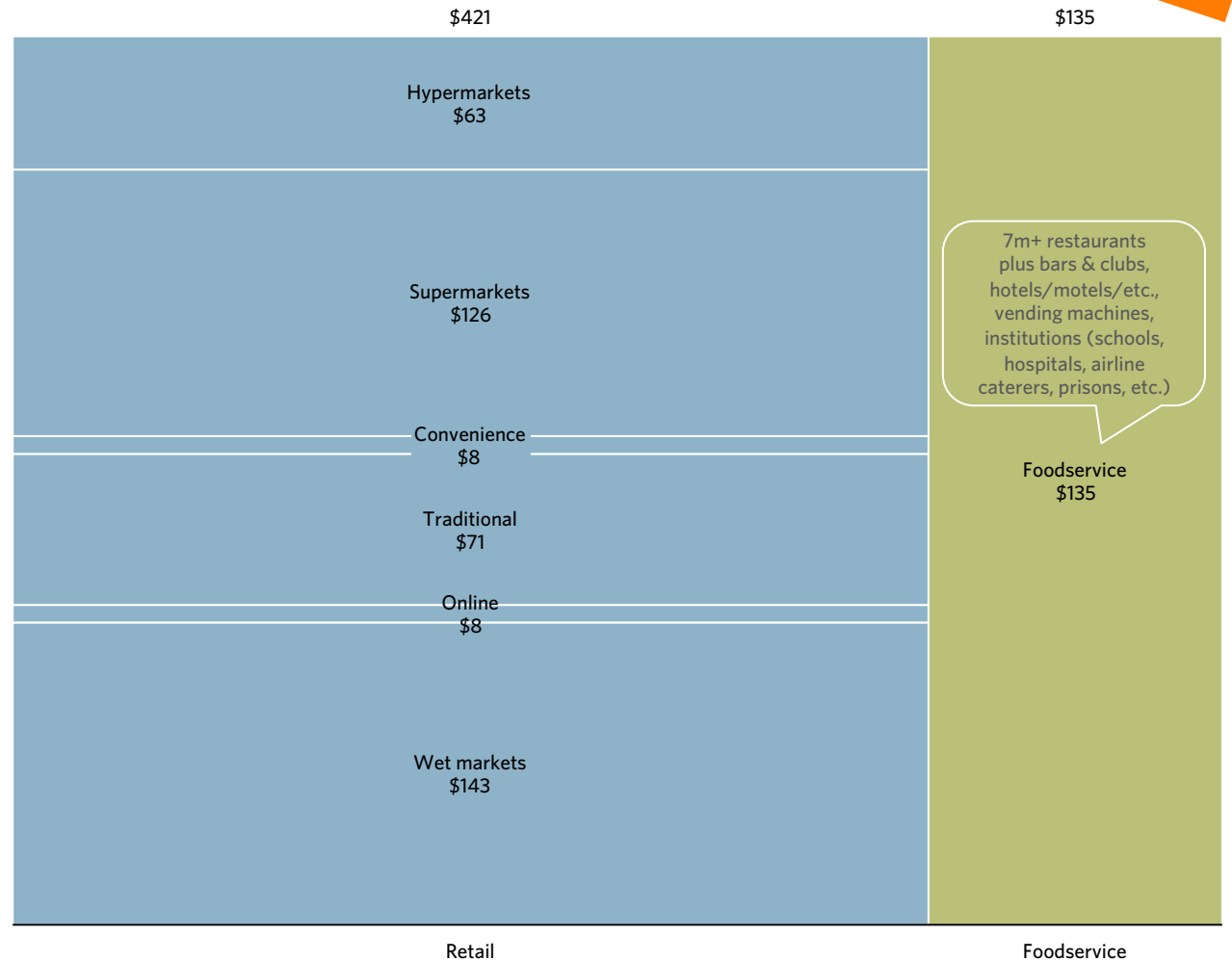
**TURNOVER & PURCHASES**  
US\$b; 2014



**TURNOVER GROWTH RATE**  
% Y-O-Y; CNY; 2013v2014



**ESTIMATED WHOLESALE FOOD & FMCG PURCHASES**  
US\$b; 2014



# FOCUS MARKET - 1 - CHINA

Eighteen potential in-market partners are identified for Western Australian firms in China...

## POTENTIAL IN-MARKET PARTNERS - CHINA

2015 or as available














							
Firm	CR Vanguard	Sun Art Retail Group	Wal-Mart China	Lianhua	Carrefour China	Yonghui Superstores	Nonggongshang
Ownership	China Resources (SOE; China)	Listed; HK; Auchan and Ruentex group	Listed; USA	Listed; HK; Bailian Group Co.	Listed; France	Listed; Shanghai; Dairy Farm 20%; JD.com 10%;	China
Website	www.crvanguard.com.hk www.crc.com.cn	www.sunartretail.com www.rt-mart.com.tw	www.wal-martchina.com www.samsclub.cn	lianhua.todayir.com	www.carrefour.cn www.carrefour.com.cn www.carrefour.com	www.yonghui.com.cn	www.ngs1685.com
Annual sales Total/Food	US\$15.2b (13)	US\$14.0b (14)	US\$11.0b (13)	US\$10.5b (13)	US\$7.1b (13)	US\$5.3b	US\$4.6b
Food store formats	Hypermarket Supermarket Convenience	Hypermarket Online	Hypermarket Warehouse Club Compact HM Supermarket	Hypermarkets Supermarket 4,600 Convenience 1,905	Hypermarket 236 Convenience 3 Online	Supermarket	Supermarkets 2,644 Convenience 1,700
# of stores	4,637	264	423	6,900+	239	351	2,644
Store fascia	    	   	   	 	 		 - Alldays - Kedi

# FOCUS MARKET - 1 - CHINA

... continued

## POTENTIAL IN-MARKET PARTNERS - CHINA

2015 or as available










							
Firm	HNA Group	Wumart Stores	Better-Life	Jiajiayue Group	A. Best Supermarket	Metro Cash & Carry	Lotte Mart
Ownership	Private; China	Public; China	Public; China	Public; China	Public; China	Listed; Germany	Listed; Korea
Website	www.hnagroup.com/	www.wumart.com	www.bbg.com.cn	www.jiajiayue.com.cn	www.abest-xyj.com	www.metro.com.cn www.metrogroup.de	www.lotte.co.kr
Annual sales Total/Food	US\$4.0b (13)	US\$3.3b (13)	US\$3.2b (13)	US\$2.9b	US\$2.7b	US\$2.7b (13)	US\$2.4b (13)
Food store formats	Hypermarkets Supermarkets Convenience	Hypermarkets Convenience	Hypermarkets Department stores Online	Hypermarket Supermarket Department store Convenience	Hypermarket Supermarket	Cash & Carry	Hypermarkets Supermarkets
# of stores	482	547	445	601	116	75	110
Store fascia	Le Wan Jia Supermarket  Jiangsu Chaoyue Supermarket  Hunan Joindoor Supermarket						

# FOCUS MARKET - 1 - CHINA

... continued

## POTENTIAL IN-MARKET PARTNERS - CHINA

2015 or as available

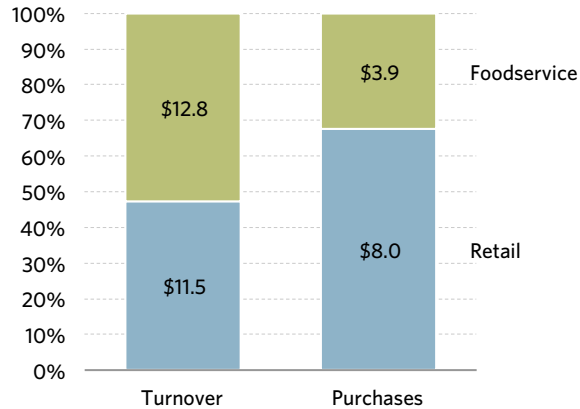
				
Firm	Sinopec Group	PetroChina Co.	Dongguan Sugar & Liquor Group	Seven & I Holdings
Ownership	Chinese government (SOE)	Chinese government (SOE)		Japan; listed
Website	english.sinopec.com		www.meiyijia.com.cn	www.7-11.cn www.7andi.com www.sej.co.jp www.itoyokado.co.jp
Annual sales Total/Food	US\$455b (14)			US\$49.1b US\$17.5b
Food store formats	Easy Joy	uSmile	Meiyijia	Seven&I 301 Area licensees 1,763 - DairyFarm 740 - Others -1,063
# of stores	23,300	14,000	5,580	2,064
Store fascia	 			

# FOCUS MARKET - 2 - HONG KONG

Hong Kong has a robust and well-developed food retailing and foodservice sector

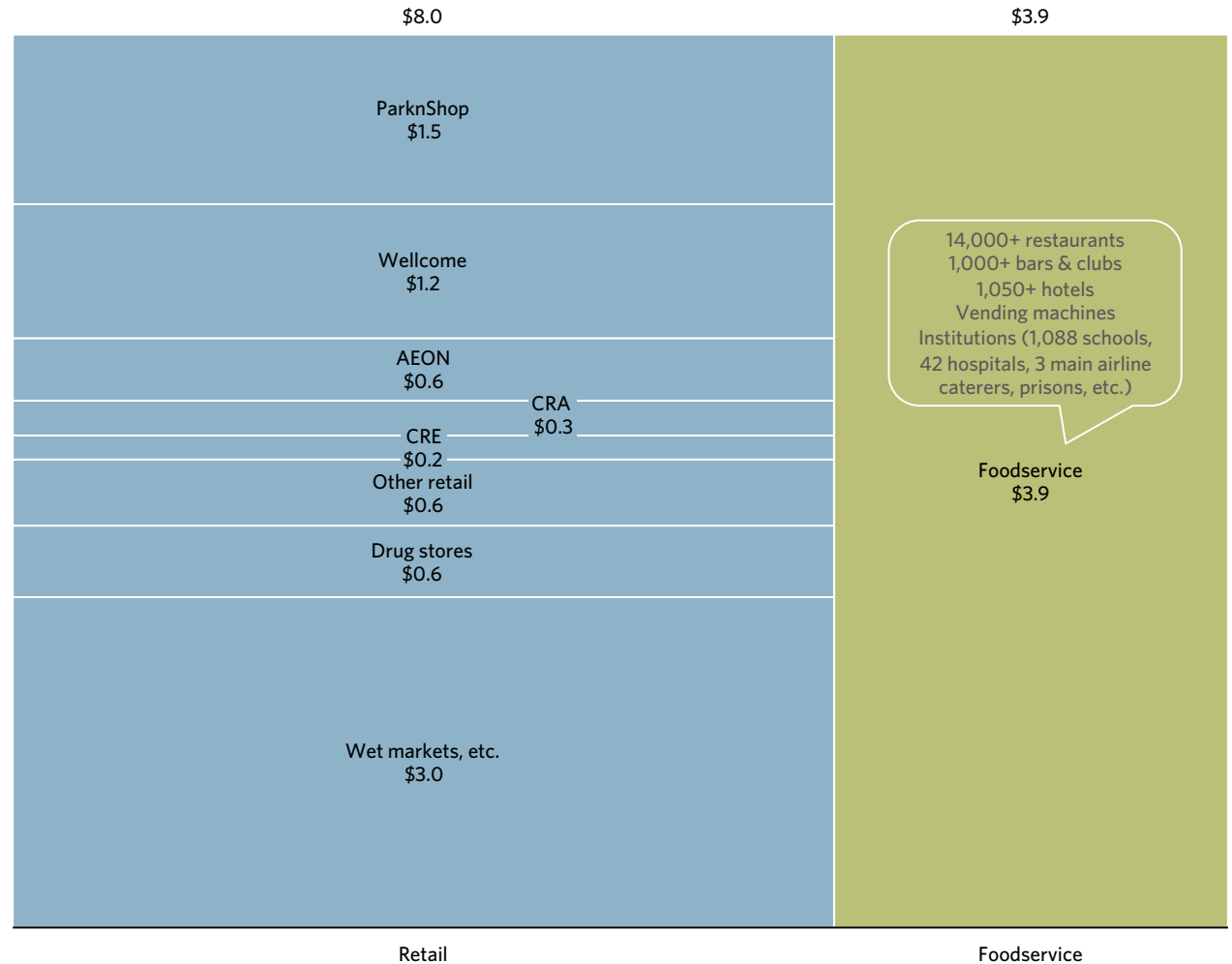
## TURNOVER & PURCHASES

US\$b; 2014



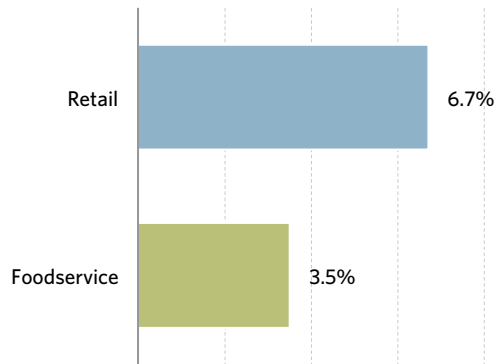
## ESTIMATED WHOLESALE FOOD & FMCG PURCHASES

US\$b; 2014



## TURNOVER GROWTH RATE

% Y-O-Y; HK\$; 2013v2014





## FOCUS MARKET - 2 - HONG KONG

Seven potential in-market partners are identified for Western Australian firms in Hong Kong

### POTENTIAL IN-MARKET PARTNERS - HONG KONG

2015 or as available

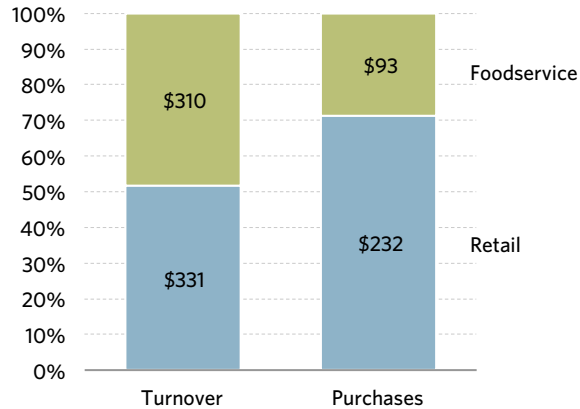
							
Firm	Wellcome	Park'N Shop	CR Vanguard	Dah Chong Hong	759 Stores	AEON Stores	Convenience Retail Asia
Ownership	Dairy Farm International/Jardine Matheson	A.S. Watson/Hutchison Whampoa	CRE/China Resources (SOE; China)	Dah Chong Hong/CITIC Pacific/CITIC (SOE; China)	Private; Hong Kong (Lam Wai Chun)	AEON (Japan)	Fung Group
Website	<a href="http://www.wellcome.com.hk">www.wellcome.com.hk</a>	<a href="http://www.parknshop.com">www.parknshop.com</a>	<a href="http://www.crvanguard.com.hk">www.crvanguard.com.hk</a> <a href="http://www.crc.com.cn">www.crc.com.cn</a>	<a href="http://www.dch.com.hk">www.dch.com.hk</a>	<a href="http://www.759store.com">www.759store.com</a>	<a href="http://www.aeonstores.com.hk">www.aeonstores.com.hk</a> <a href="http://www.aeon.info">www.aeon.info</a>	<a href="http://www.circlek.hk/en">www.circlek.hk/en</a> <a href="http://www.cr-asia.com">www.cr-asia.com</a>
Annual sales (in HK)	\$2.2b+	\$2.8b	~\$0.8b (food/FMCG)	N/A	N/A	\$0.8b	\$0.4b
Food store formats	Supermarkets 318 Convenience 921 Health & Beauty 369 Restaurants 676	Supermarkets 260+ Convenience	Supermarkets Convenience	Supermarkets	Grocery 247+	Dept. stores (w/food) 8 Supermarkets 5	Convenience 600+ Bakery
# of stores	Wellcome 280+ Marketplace 31 7-Eleven 900+ Olivers the Delicatessen ThreeSixty	ParknShop 175 PnS Superstore 50+ PnS Taste 10 PnS Fusion 14	CR Vanguard 100+ VanGo 79	DCH Food Mart 80+ DCH Food Mart Deluxe	759 Stores 247+	AEON 13	Circle K Saint Honore Cake
Store fascia	 		 	 			 

# FOCUS MARKET - 3 - JAPAN

Japan has a robust and well-developed food retailing and foodservice sector

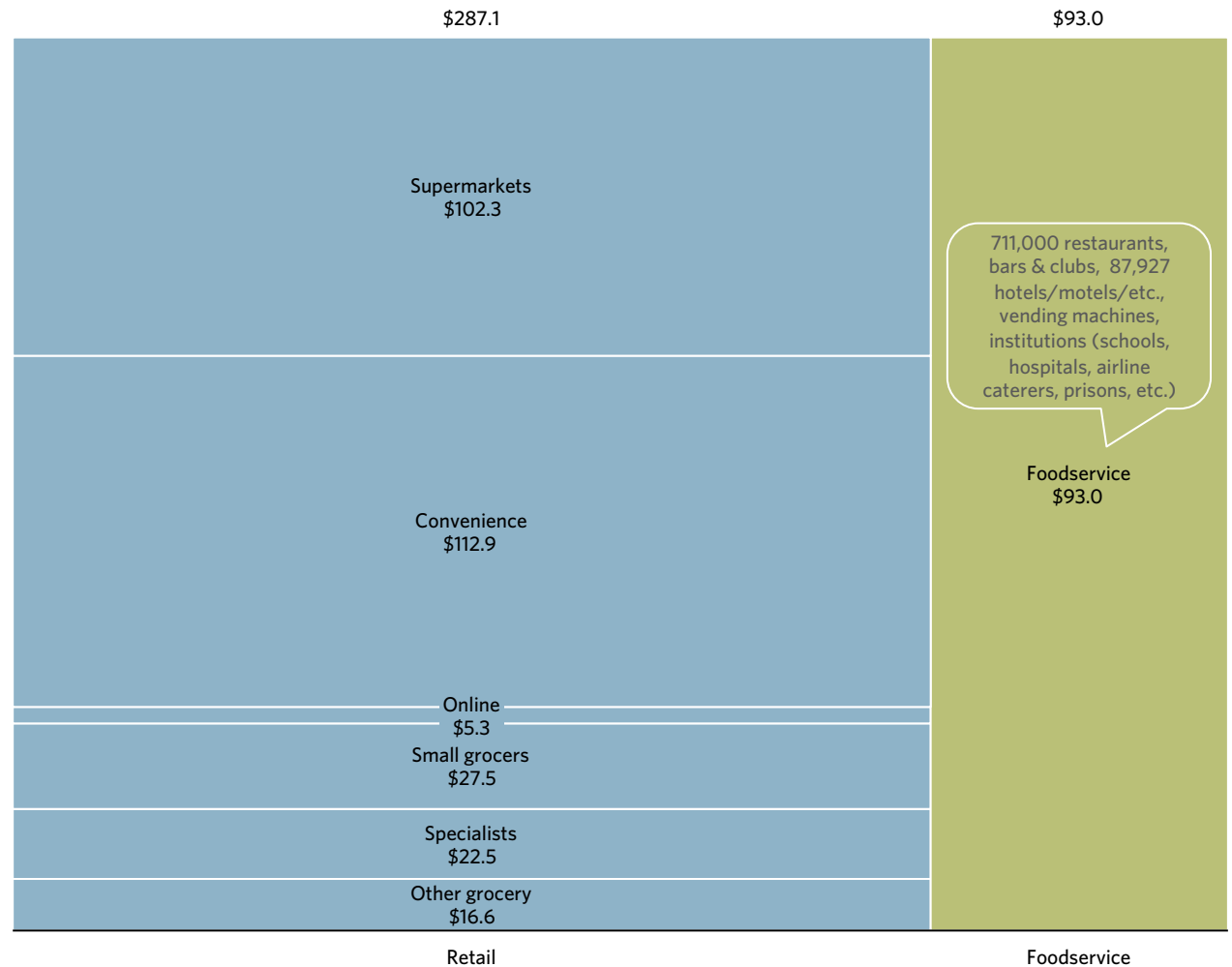
## TURNOVER & PURCHASES

US\$b; 2014



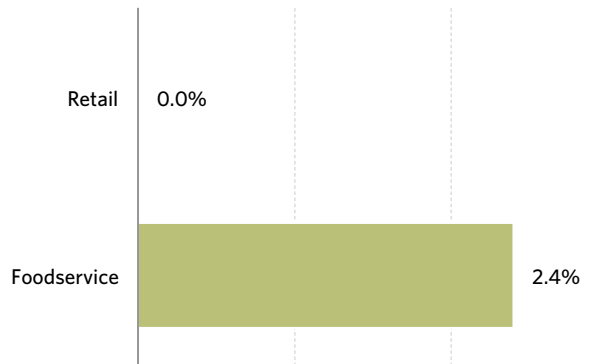
## ESTIMATED WHOLESALE FOOD & FMCG PURCHASES

US\$b; 2014



## TURNOVER GROWTH RATE

% Y-O-Y; JPY; 2013v2014



















# FOCUS MARKET – 3 – JAPAN

Eight potential in-market partners are identified for Western Australian firms in Japan

## POTENTIAL IN-MARKET PARTNERS – JAPAN

2015 or as available

								
Firm	AEON Retail	Seven & I Holdings	Uny Group Holdings	Izumi Co. Ltd.	Life	Arcs	Lawson	Family Mart
Ownership	Japan; listed	Japan; listed	Japan; listed	Japan; listed	Japan; listed	Japan	Japan; listed	Japan; listed
Website	www.aeon.info www.maxvalu.co.jp www.daiei.co.jp www.ministop.co.jp	www.7andi.com www.sej.co.jp www.itoyokado.co.jp	www.unygroup-hds.com www.uny.co.jp www.circleksunkus.jp	www.izumi.co.jp	www.lifecorp.jp	www.arcs-g.co.jp	www.lawson.jp	www.family.co.jp
Annual sales Total/Food	US\$61.2b US\$16.8b	US\$49.1b US\$17.5b	US\$9.0b US\$6.7b	US\$4.7b US\$2.1b	US\$4.7b US\$3.8b	US\$4b US\$4b	US\$17.4b	US\$14b
Food store formats	Hypermarket Supermarket Department stores Convenience (3.4% share) Pharmacy/HBC	Convenience 17,900 (41% share) Supermarkets 185 Department stores	Supermarket Convenience (9.6% share) HBC Foodservice	Supermarkets Hypermarkets Malls		Supermarket	Convenience 12,254 (20.5% share)	Convenience 9,975 (19% share)
# of stores	1,882	18,262	226	102	239	290	12,254	9,975 (JP) 16,970 (Global)
Store fascia								

## DOCUMENT STRUCTURE

What is the strategic situation in the market?

In this environment, what is the opportunity for Western Australia?

Who are the potential in-market partners?

Who are the key firms in Western Australia capable of delivering?



## IDENTIFIED WA COMPANIES

<p>AUSTRALIAN ORGANIC OLIVE OIL CO  Australian Organic Olive Oil Company</p>	<p>DANDARAGAN ESTATE </p>	<p>FINI OIIVES </p>
<p><b>ADDRESS:</b> 6/41 King Edward Rd, Osborne Pk WA6017</p>	<p><b>ADDRESS:</b> 7/97 Garling Street, O'Connor, WA 6163</p>	<p><b>ADDRESS:</b> 237 Orange Springs Road, Gingin WA 6503</p>
<p><b>PHONE:</b> 08 6336 8220</p>	<p><b>PHONE:</b> 08 9214 9747</p>	<p><b>PHONE:</b> 08 6253 8988</p>
<p><b>WEBSITE:</b> <a href="http://www.goldengrange.com.au">www.goldengrange.com.au</a></p>	<p><b>WEBSITE:</b> <a href="http://www.dandaraganestate.com.au">www.dandaraganestate.com.au</a></p>	<p><b>WEBSITE:</b> <a href="http://www.finiolives.com.au/">www.finiolives.com.au/</a></p>

<p>FRANKLAND RIVER OLIVE COMPANY </p>	<p>SUMICH GROUP </p>
<p><b>ADDRESS:</b> 1 McDowell St, Welshpool, WA 6160</p>	<p><b>ADDRESS:</b> Mandogalup Rd, Mandogalup, WA 6167</p>
<p><b>PHONE:</b> 08 9494 2044</p>	<p><b>PHONE:</b> 08 9437 2066</p>
<p><b>WEBSITE:</b> <a href="http://www.jingilli.net.au">www.jingilli.net.au</a></p>	<p><b>WEBSITE:</b> <a href="http://www.sumich.com">www.sumich.com</a></p>

## **AUSTRALIA**

Coriolis Australia Pty Ltd  
PO Box 5831  
St Georges Terrace  
Perth, WA 6831  
Australia  
+61 8 9468 4691

## **NEW ZEALAND**

Coriolis (New Zealand) Limited  
PO Box 90-509  
Victoria Street West  
Auckland, 1142  
New Zealand  
+64 9 623 1848

[www.coriolisresearch.com](http://www.coriolisresearch.com)

Coriolis is the leading Australasian management consulting firm specialising in the wider food value chain. We work on projects in agriculture, food and beverages, consumer packaged goods, retailing & foodservice. In other words, things you put in your mouth and places that sell them.

## **WHERE WE WORK**

We focus on the Asia Pacific region, but look at problems with a global point-of-view. We have strong understanding of, and experience in, markets and systems in Australia, China, Japan, Malaysia, New Zealand, Singapore, South Korea, Thailand, the United Kingdom and the U.S. We regularly conduct international market evaluations and benchmarking.

## **WHAT WE DO**

We help our clients assemble the facts needed to guide their big decisions. We develop practical, fact-based insights grounded in the real world that guide our clients decisions and actions. We make practical recommendations. We work with clients to make change happen. We assume leadership positions to implement change as necessary.

## **HOW WE DO IT**

All of our team have worked across one-or-more parts of the wider food value chain, from farm-to-plate. As a result, our recommendations are grounded in the real world. Our style is practical and down-to-earth. We try to put ourselves in our clients' shoes and focus on actions. We listen hard, but we are suspicious of the consensus. We provide an external, objective perspective. We are happy to link our fees to results.

## **WHO WE WORK WITH**

We only work with a select group of clients we trust. We build long term relationships with our clients and more than 80% of our work comes from existing clients. Our clients trust our experience, advice and integrity.

Coriolis advises clients on growth strategy, mergers and acquisitions, operational improvement and organisational change. Typical assignments for clients include...

## **FIRM STRATEGY & OPERATIONS**

We help clients develop their own strategy for growing sales and profits. We have a strong bias towards growth driven by new products, new channels and new markets.

## **MARKET ENTRY**

We help clients identify which countries are the most attractive - from a consumer, a competition and a channel point-of-view. Following this we assist in developing a plan for market entry and growth.

## **VALUE CREATION**

We help clients create value through revenue growth and cost reduction.

## **TARGET IDENTIFICATION**

We help clients identify high potential acquisition targets by profiling industries, screening companies and devising a plan to approach targets.

## **DUE DILIGENCE**

We help organisations make better decisions by performing consumer and market-focused due diligence and assessing performance improvement opportunities.

## **EXPERT WITNESS**

We provide expert witness support to clients in legal cases and insurance claims. We assist with applications under competition/fair trade laws and regulations.

