



Business Opportunities: Hand Sanitiser

UNSW BOA Team 4
September 2020

Contents

Executive Summary	3
Introduction	4
<i>Strategic Audit</i>	5
<i>Competitor Analysis</i>	12
Option Generation	15
<i>Growth</i>	15
<i>Defence</i>	16
Option Realisation	17
<i>Southern Highlands Consumers and Businesses</i>	18
<i>Government and Commercial Customers</i>	20
<i>Exports to Global Markets</i>	22
<i>Implementation Plan</i>	23
Conclusion	25
References	26

Executive Summary

This report investigates business opportunities for A&I Coatings as they diversify into hand sanitisers and new markets.

Given commercial tenders specify the need for integrated cleaning services, the firm needs to build enduring relationships with cleaning wholesalers, commercial cleaning services and distributors. Extending for the long-term, these channel partners will aid A&I Coatings' growth as it expands domestically and exports internationally.

In addition, attitudes towards supporting local businesses suggests that being Australian-made is an essential point of differentiation to resonate amongst Australian consumers.

Therefore, our recommendations are as follows:

1. Create a Southern Highlands 'flavoured' hand sanitiser for local consumers and businesses.
2. Target government and commercial customers with a bundle of anti-bacterial coatings, hand sanitiser and dispensers.
3. Export to the global market through an Australian manufacturer-led alliance and export management company.

Introduction

COVID-19 has significantly impacted changing consumer behaviour, market demand and the competitive landscape for A&I Coatings, a coatings manufacturer based in the Southern Highlands. In this volatile climate, the firm has retooled its operations towards the long-term production of hand sanitisers. It is a contract manufacturer for related firms such as cleaning wholesaler Actichem, and a manufacturer of AntiV – its own branded hand sanitiser.

This report investigates short and long-term opportunities for A&I Coatings' new product. Key questions addressed include:

- 1) How are customer needs changing in the COVID-19 context?
- 2) What business opportunities can A&I Coating take to target existing and new customers?

It commences with a strategic audit of internal and external factors, including the influx of Chinese imports and the pivoting of local competitors. We then generate options for growth and defence and identify appropriate strategies for A&I Coatings.

Finally, we specifically devise how prospective markets may be targeted through an integration of product, place, promotion and pricing considerations. An implementation plan charts these tactics across short-term and long-term timeframes.

Notably, this report is limited by the uncertainty of COVID-19 on local and international markets. The duration and impact of factors such as prohibited exports by post on Australian hand sanitiser and freight delays are yet to be determined.

Strategic Audit – Internal

Strengths

A&I Coatings' key strength lies in its R&D expertise, network of licensed manufacturers to scale production (A&I Coatings 2020a) and Australian-made certification.

With extensive experience in chemical manufacturing, the firm can compete on product innovation and flexible order volumes in the long-term. This is evidenced in AntiV, a hand sanitiser specially formulated by experienced chemists to retain moisture. The securement of TGA approval with its high alcohol content attests to A&I Coatings' ability to manufacture high quality products which meet stringent standards.

With its Australian-made certification, the firm can leverage country-of-origin effects to appeal to Australian consumers. This is particularly important given the conscious decision of Australian COVID-19 consumers to prioritise buying from local businesses (Colling et al. 2020).

Weaknesses

On the other hand, A&I Coatings is affected by its limited distribution network, small sales team (UBTA Finance Coach 2020) and lack of brand awareness.

Without a direct channel to reach end users as shown in Figure 1, A&I Coatings is highly dependent on distributors such as cleaning wholesaler Actichem. Confirmed in a video call with managing director Peter Gillies on 31 August 2020, A&I Coatings lacks countervailing power for negotiations within its channel relationships. This can result in foregoing of profitable opportunities if there is conflict, and unequal profit allocations.

With a small sales team, A&I Coatings can only viably manage a select number of distribution channels. This may constrain the ability to pursue multi or omni-channel strategies, particularly when entering a new market requiring considerable investment (e.g. exporting to overseas).

Finally, AntiV will have low brand awareness when it enters the market. This is because a positive brand extension is dependent on the salience, favourability and uniqueness of inferred associations such as R&D expertise. In the case of AntiV, the high quality of manufacturing by A&I Coatings is not noticeable without trial. Despite added moisturisation being desired by consumers, this benefit is not unique as shown in similar alternatives in Figure 2.

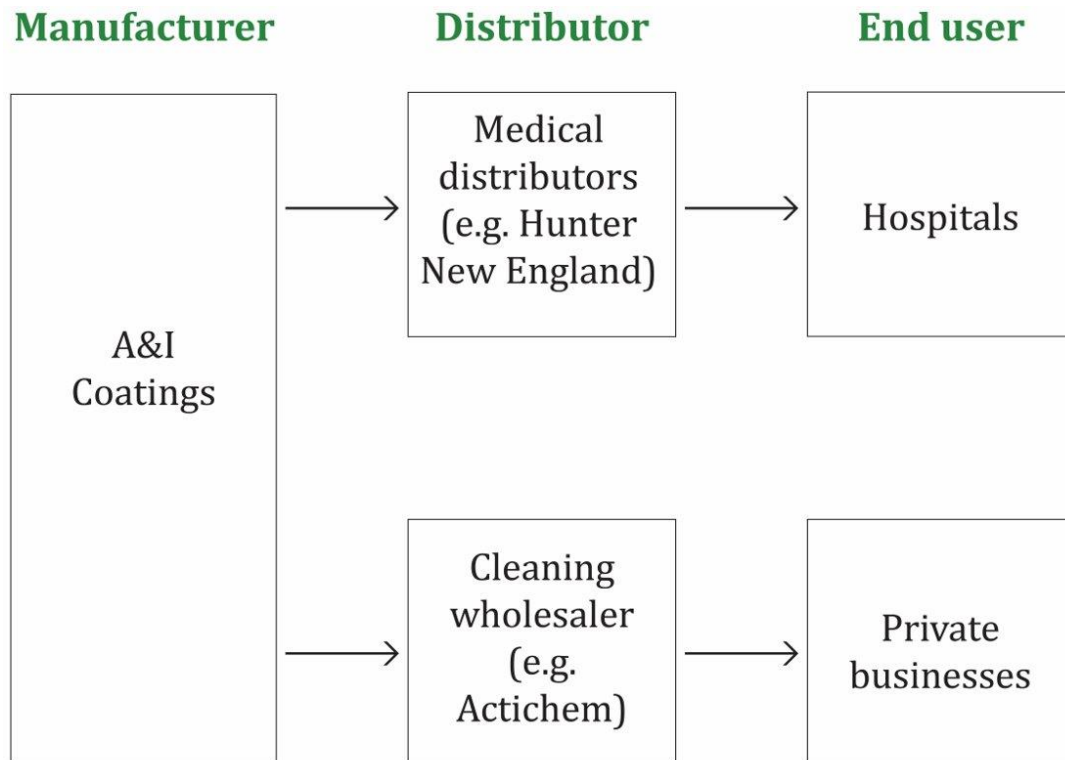


Figure 1: A&I Coatings' current distribution channels

GLASSHOUSE
FRAGRANCES

The three photographs show a laboratory or production setting. The first photo shows a person in a white lab coat using a pipette to transfer liquid into a small glass bottle. The second photo shows a person pouring liquid from a large glass pitcher into a small glass bottle. The third photo shows a person in a white lab coat holding a small glass bottle with a dropper.

THE FACTS

- Contains over 65% alcohol to kill germs
- Rinse free formulation
- Paraben free. SLS and SLES free. Silicone Free.
- Not tested on animals
- Vegan friendly
- Scented with our most-loved Sea Mist fragrance
- Contains Aloe Leaf extract to help nourish skin and counter the drying effects of alcohol

Figure 2: Glasshouse Fragrances' competitive offering (Glasshouse Fragrances 2020)

Company Objectives

A&I Coatings has three main objectives based on company reports (UBTA Finance Coach 2020) and communications with managing director Peter Gillies. We have used these objectives to present more tailored recommendations for the company.

- 1) Grow sales from hand sanitisers in the short (6 months) and long term (up to 5 years), including targeted exports.
- 2) Expand A&I Coatings' distribution network through the acquisition of 8 major industry partners.
- 3) Obtain a strong foothold in the mission to bring manufacturing back to Australia.

Strategic Audit – External

Customer Needs

Consumers during the COVID-19 pandemic exhibit five key behaviours:

- 1) Emphasis on hygiene
- 2) Increase in online shopping
- 3) Demand for reliable product availability
- 4) Greater value
- 5) Supporting local businesses

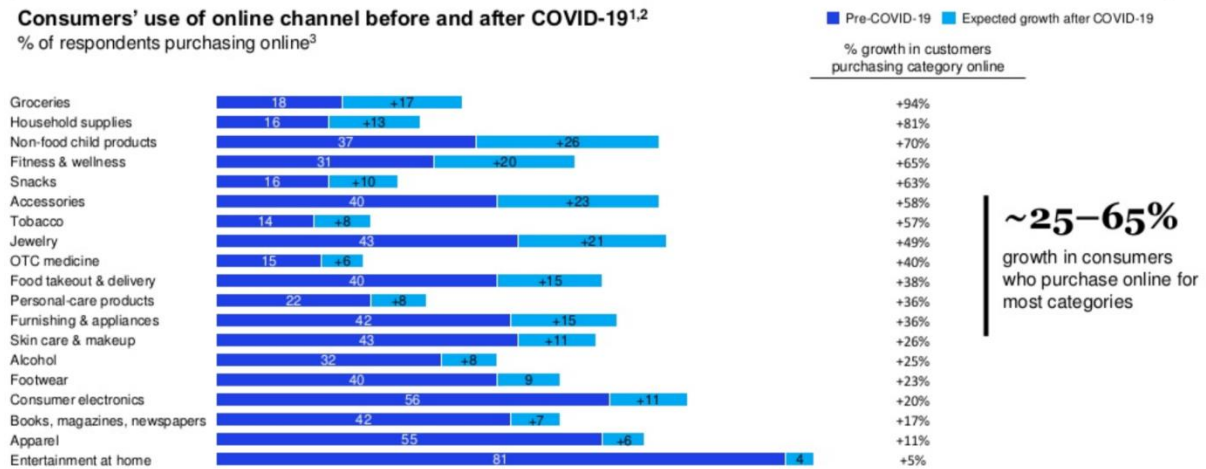
Outlined by Accenture (2020), COVID-19 has heightened the importance of hygiene amongst consumers and accelerated the growth of virtual experiences such as online shopping as shown in Figures 3 and 4. Driven by fear and unease, panic buying was conducted by 3 out of 10 Australians in March (Kantar 2020), contributing in product shortages in retailers. As a result, product availability has become a key evaluative criterion which drives 42% of consumers to try a new brand (McKinsey & Company 2020).

Negative consumer sentiment (Bensley et al. 2020) and decreases in income and spending behaviour (McKinsey & Company 2020) have increased the price sensitivity of consumers as shown in Figure 5. Amongst businesses, the Australian Bureau of Statistics (2020) indicates 35% of Australian businesses will have difficulty in meeting financial commitments over the next 3 months. Collectively, this attests to the greater emphasis on value purchases across consumer and business markets.

Finally, BCG (2020) reports an increased willingness amongst Australian consumers (from 37% to 42%) to support domestic brands. With home being viewed as a sanctuary (Accenture 2020) by consumers, there is greater demand for local businesses.

More people expect to make a portion of their purchases online post-COVID-19 than before...

Consumers' use of online channel before and after COVID-19^{1,2}
% of respondents purchasing online³



¹ Q: Before the coronavirus (COVID-19) situation started, what proportion of your purchases in this category were online vs from a physical store/in person?

² Q: Once the coronavirus (COVID-19) situation has subsided, tell us what proportion of your purchases in this category you think will be online vs from a physical store/in person?

³ Includes respondents who chose "some online", "most online", and "all online". Respondents who indicated that they have not bought the category online and do not intend to do so in the next two weeks are classified as not purchasing online.

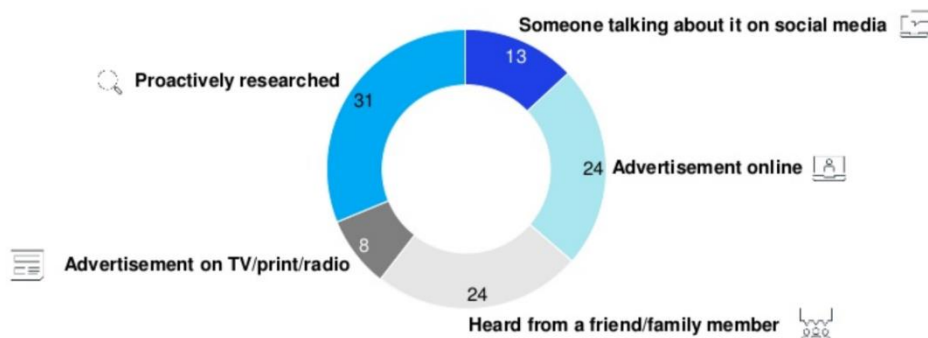
Source: McKinsey & Company COVID-19 Australia Consumer Pulse Survey 7/17–7/19/2020, n = 798, sampled to match Australia's general population 18+ years

McKinsey & Company 7

Figure 3: Increased online purchases by Australian consumers during COVID-19 (Child et al. 2020)

Digital channels are a key trigger for finding new places to shop, with 68 percent of respondents citing them as sources of insight

Source of uncovering new retailer/store/website¹
% of respondents



¹ Q: You mentioned you shopped from a different retailer/store/website since the coronavirus (COVID-19) situation started. How did you initially come across this new retailer/store/website? Select one. Chart rebased to exclude those knew about it already and just decided to give it a try.

Source: McKinsey & Company COVID-19 Australia Consumer Pulse Survey 7/17–7/19/2020, n = 798, sampled and weighted to match Australia's general population 18+ years

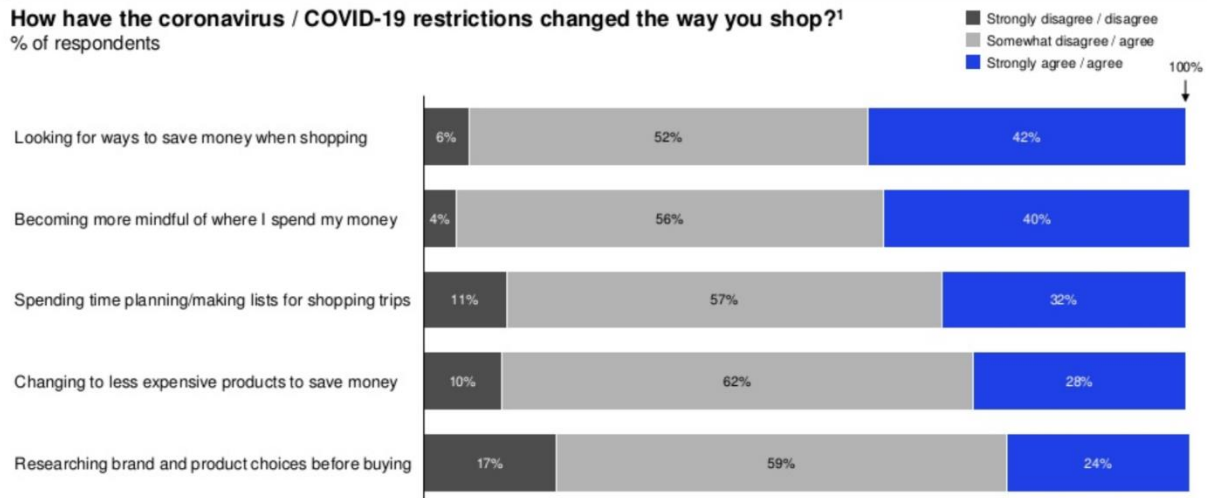
McKinsey & Company 12

Figure 4: Importance of digital channels for Australian consumers during COVID-10 (Child et al. 2020)

Australians are becoming more mindful of how they spend their money and adopting habits such as making shopping lists

How have the coronavirus / COVID-19 restrictions changed the way you shop?¹

% of respondents



¹ Q: How have the coronavirus / COVID-19 restrictions changed the way you shop? Please select your level of agreement to each of the below statements, thinking about your planned behavior after the restrictions will be lifted (and no vaccine is available).

Source: McKinsey & Company COVID-19 Australia Consumer Pulse Survey 7/17-7/19/2020, n = 798, sampled to match Australia's general population 18+ years

McKinsey & Company

Figure 5: COVID-19 shopping habits by Australian consumers (Child et al. 2020)

Market Characteristics

The Australian hand sanitiser market is affected by three components:

- 1) Short-term spikes in sales leading to stable growth in the future
- 2) Unstable supply of raw materials
- 3) Entry of uncertified competitors

Panic buying spurred by the outbreak of COVID-19 contributed to an **increase of 50%** for monthly turnover of medicinal and cleaning products in March (ABS 2020). While the long-term impacts of the pandemic on hand sanitiser demand are yet to be seen, precedents such as H1N1 also illustrated a short-term increase in sales, followed by steady growth (Huddleson 2020). We can infer a similar trend with COVID-19 as consumers place a greater emphasis on health.

In addition, Alexander's (2020) survey found that 75% of hand sanitiser manufacturers experienced shortages for ethanol and 63% had shortages for bottles, caps and lids. In Figure 6, Richardson (2020) also identifies volatile raw material prices and packaging costs as explanations for the increase in purchases as a share of revenue from 2015-20.

Finally, as shown in Figure 7, Chinese exports of hand sanitisers to the Australian market increased significantly (1048%) from March to April (China Customs Statistics 2020). It was propelled by the

cutting of red tape by the Australian government, allowing the manufacture of hand sanitisers without TGA approval and notification to meet high domestic demand (Minister Department of Health 2020). This has contributed to the influx of hand sanitisers in the Australian market which are not TGA approved.

Purchases as a Share of Revenue 2015-2020

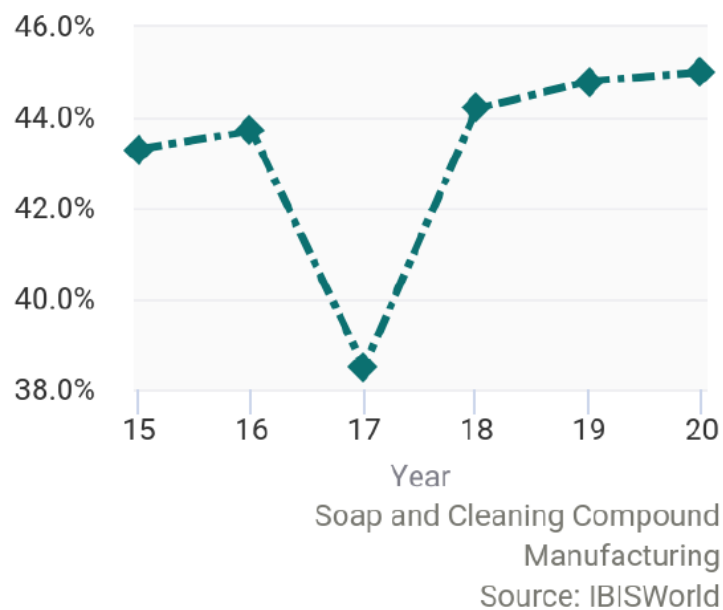


Figure 6: Purchases as a share of revenue for soap and cleaning compound manufacturing (Richardson 2020)

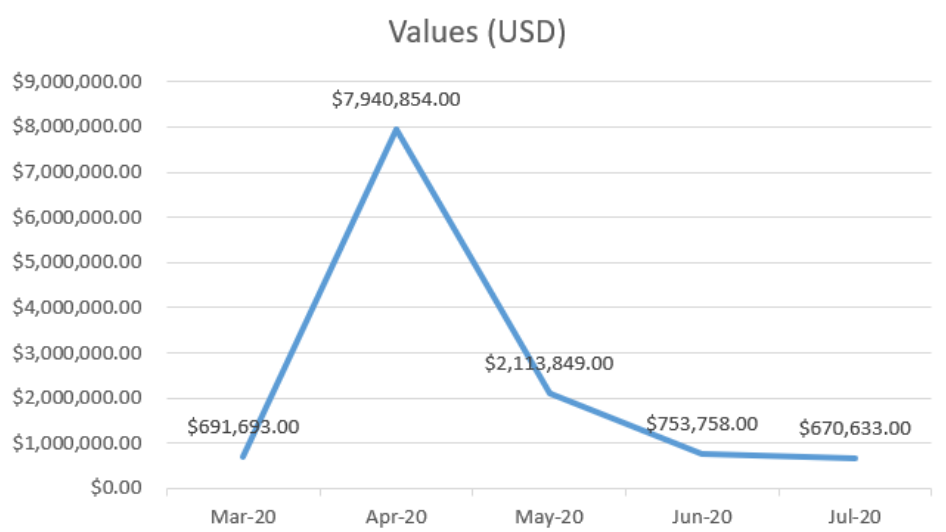


Figure 7: Data from China Customs Statistics (hands cleaning retail products exported to Australia between March-20 to July-20)

Competitor Analysis


Chinese Imports

The strength of Chinese imports lies in their efficient supply chain. They have global distribution channels incorporating e-commerce, high production volumes with customisation options and cheaper labour (Figure 8). Scale economies allow them to compete on cost, thereby enabling them to target the bottom of the pyramid in developing markets.

Key weaknesses as shown in Figure 9 would be the basis of their lack of brand recognition within Australia. This forces them to compete on cost differentiation and remaining on parity for desired features by consumers such as alcohol content. As a result, they are constantly in price wars with other suppliers.

With their scale economies, Chinese imports have been able to secure profitable government contracts (Sky News Australia 2020) for PPE. On the other hand, these firms are threatened by sentiments to support local businesses, geopolitical events such as trade wars and delayed international freight.

Home > All Industries > Beauty & Personal Care > Personal Hygiene Products > Hand Sanitizer



China FDA clean hand wash antiseptic 75 percent alcohol hand sanitizer gel
custom 100 500 ml hand sanitizer antibacteria gel

10000 - 99999 Pieces... **USD 1.37**
 >=100000 Pieces **USD 0.47**

New Buyer Promotion
Up to US \$60 transaction fees waived on the first 3 orders

Smell:

Lead Time:	Quantity(Pieces)	1 - 1000	1001 - 100000	>100000
	Est. Time(days)	5	7	Negotiable

Customization: Customized logo (Min. Order: 10000 Pieces)
 Customized packaging (Min. Order: 10000 Pieces) More

Trade Assurance protects your Alibaba.com orders
 Alibaba.com Freight | Compare Rates | Learn more
 Payments: Online Transfer

Alibaba.com Logistics · Inspection Solutions · Production View · One-Stop Service



For product pricing, customization, or other inquiries:
[Contact Supplier](#)
[Chat Now](#)

Verified Supplier
Guangzhou Gotdya Fine Chemical...
 CN 1YR
 97.7% Response Rate
 80,000+ for 20 Transactions
 95.0% On-time delivery rate

[View larger image](#)

[Add to Compare](#) [Share](#)

Company highlights [View company profile >](#)

Verified by SGS Group

Employees	R&D staffs	Patents
301-500	5-10	-

Certifications (1)

Figure 8: Hand sanitiser – product details (Alibaba 2020)

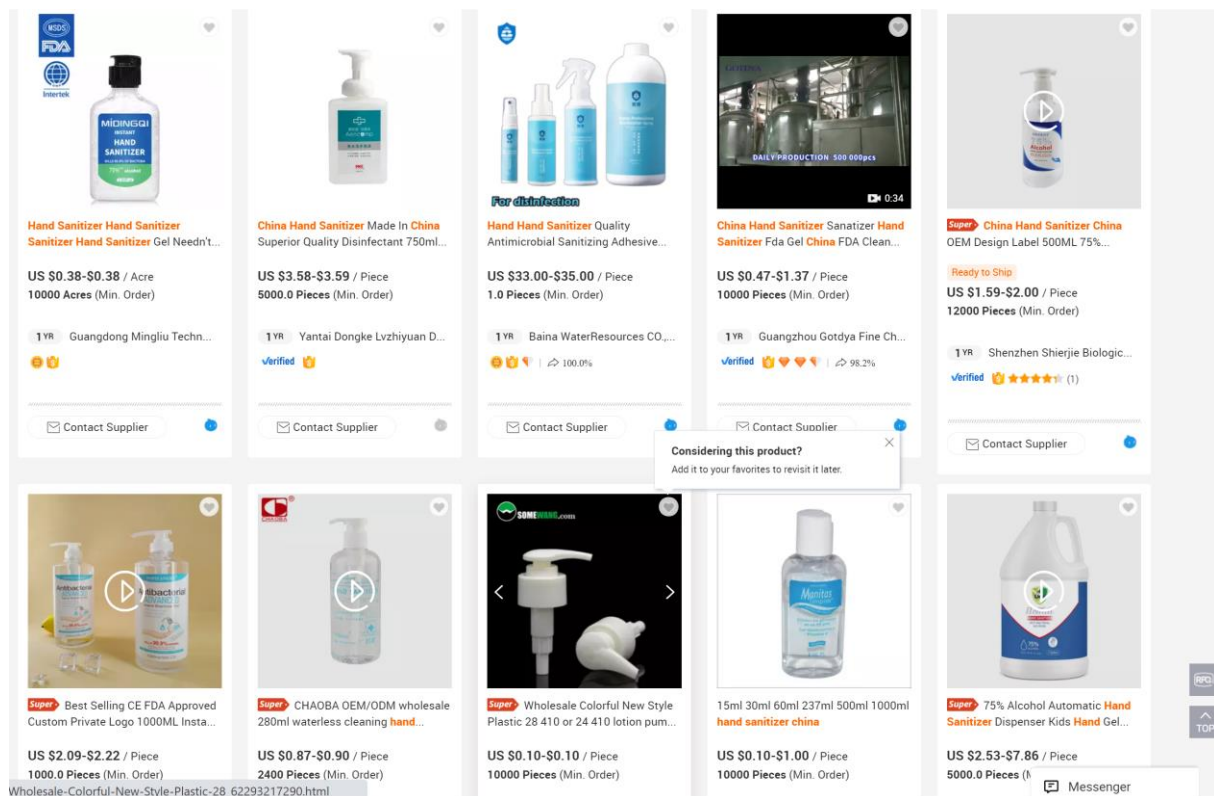


Figure 9: Catalogue of Chinese imports available from Alibaba (Alibaba 2020)

Manly Spirits. Co. (local competitor)

Manly Spirits. Co.'s competitive advantage lies in its strong brand image derived from its social media presence (Figure 10) and operation as a gin distillery in Manly. In contrast with A&I Coatings, the clear link between gin and gin-flavoured hand sanitiser allows the transference of positive brand equity from the parent brand. In addition, the eye-catching packaging (Figure 11) evocative of the Australian surf, and incorporation of native ingredients, allows Manly Spirits Co. to tap into consumer support for local businesses.

Key weaknesses would be its lack of TGA certification and concentration of R&D in gin production. This indicates future innovations in hand sanitisers may be limited for this company. Without established partnerships with other companies in the medical and cleaning industry, they are also unable to secure profitable government contracts for associated services.

Building off its existing operations as a gin bar with tastings, Manly Spirits Co. is able to cross-sell its gin-flavoured hand sanitisers. However, it is also threatened by Chinese imports who compete aggressively on price.

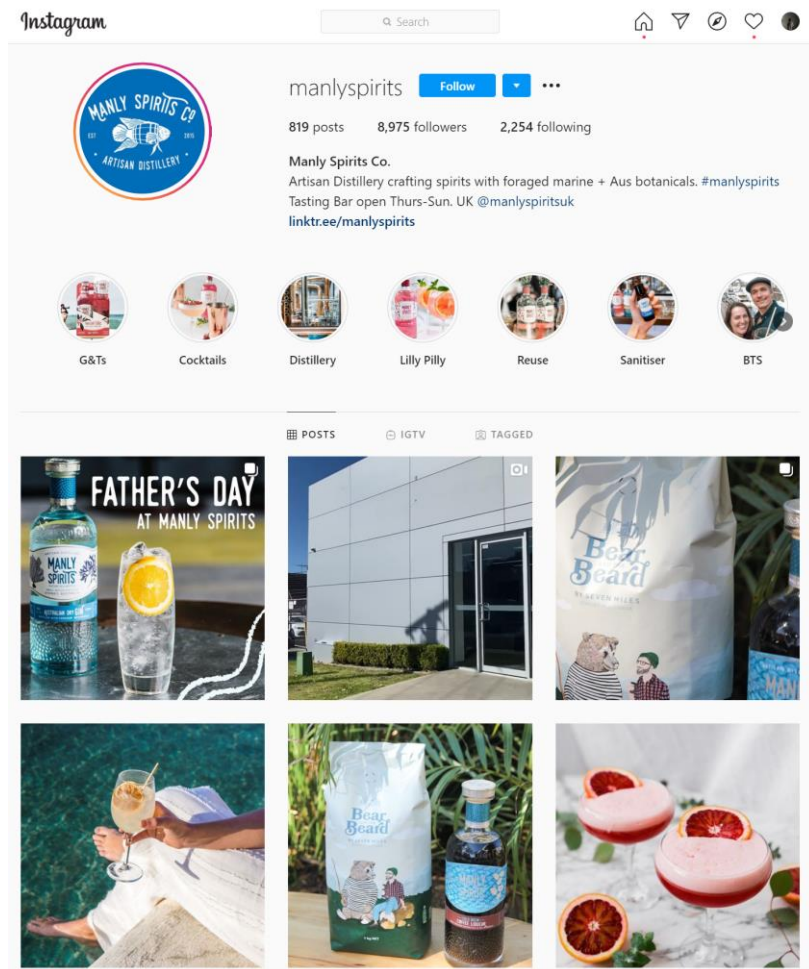


Figure 10: Social media of Manly Spirits Co. (Instagram 2020)

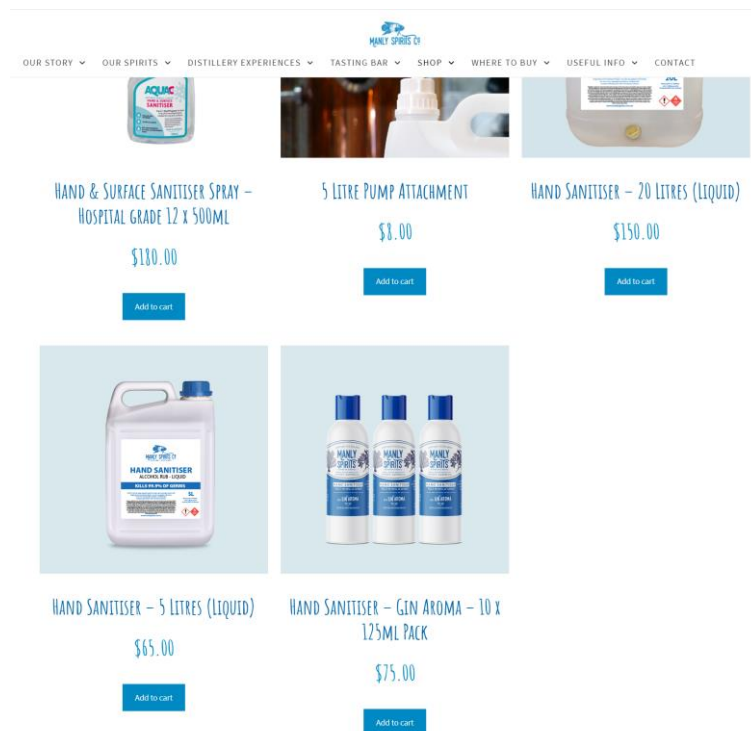


Figure 11: Hand sanitiser products by Manly Spirits. Co. (Manly Spirits Co. 2020)

Option Generation

Growth

Ansoff (1965) utilises a matrix of four quadrants to determine appropriate growth strategies for firms, contingent on whether they enter new/existing markets and employ new/existing products. Applied to A&I Coatings, hand sanitisers are a new product for the firm. In addition, the manufacturing of soap and cleaning compounds represents a new market. Therefore, the appropriate strategy is **diversification**; likewise, this entails higher risk for A&I Coatings (Figure 12).

A strategy of diversification implies significant investments of human and financial resources for **market research, product development, R&D and promotion**. These considerations have been accounted for in our recommendations for AntiV, a sub-brand of A&I Coatings which needs considerable marketing support to drive brand awareness and reach new markets.

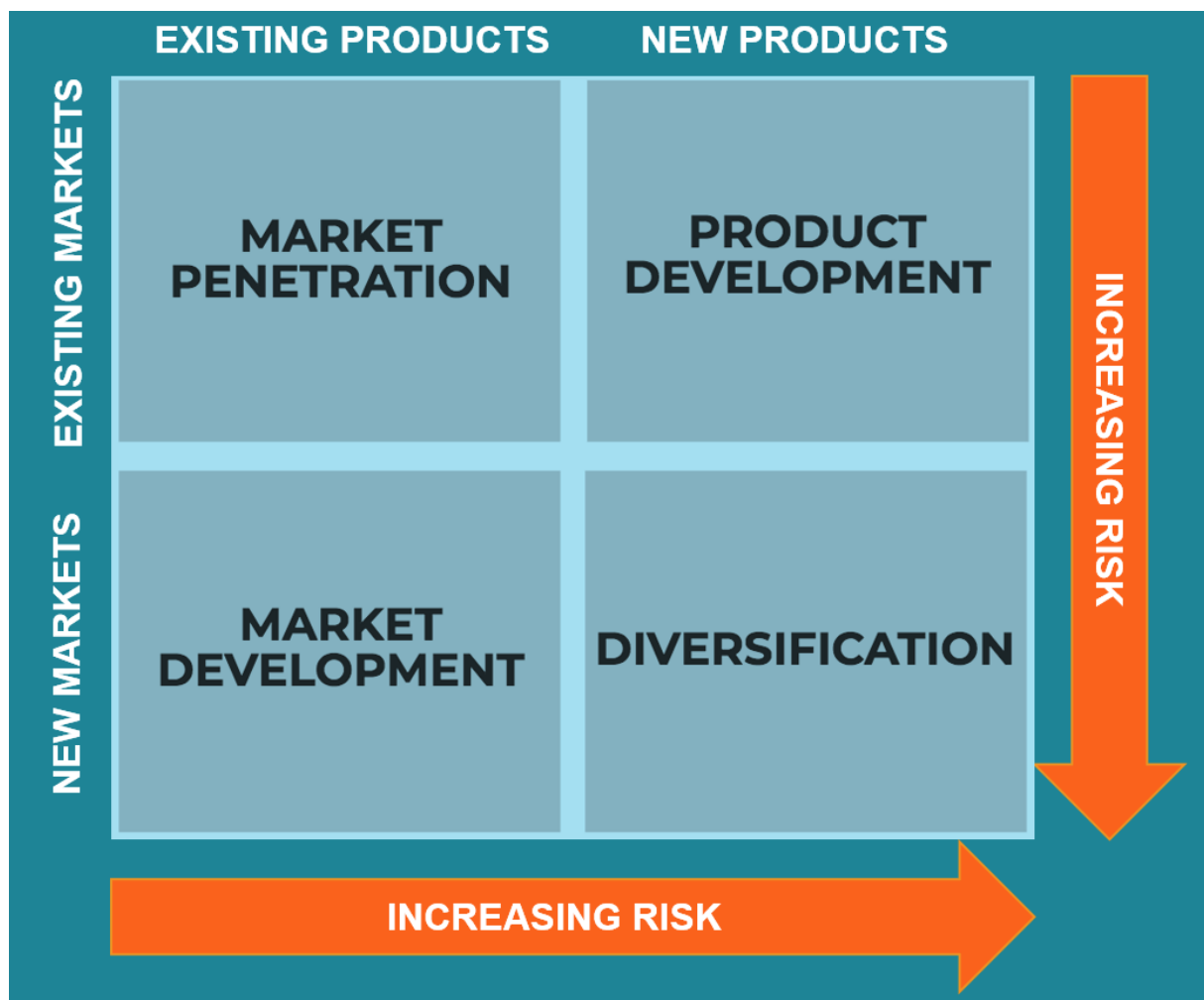


Figure 12: Ansoff Matrix for growth (Corporate Finance Institute 2020)

Defence

Roberts' (2005) model of defensive strategies in Figure 13 is based on two dimensions: retention or slowing churn; and focusing on a company's strength or its competitor's.

Given its inability to compete on cost differentiation against Chinese imports, A&I Coatings should engage in a **positive strategy** which emphasises its **Australian-made status**. This will appeal to Australian buyers who are more socially conscious of their procurement decisions and supporting local businesses.

In response to local competitors such as Manly Spirits Co., A&I Coatings should engage in an **inertial strategy** which acknowledges some customers will defect. To slow this churn rate, the firm should emphasise its **TGA-approval and R&D expertise**, positioning AntiV as a more effective hand sanitiser for buyers.

	Leverage your strengths	Mitigate your rival's strengths
Retain customers	Positive strategies: Hold on to customers by emphasizing the perceived advantages of your product, service, or company.	Parity strategies: Hold on to customers by matching, neutralizing, or blunting the perceived advantages of the new entrant's product, service, or company.
Slow the rate of customer loss	Inertial strategies: Acknowledge that some customers will leave despite your strengths, but offer product or service enhancements that will delay their defection. Emphasize that benefits lost in the switch may be major ones.	Retarding strategies: Acknowledge that some customers will leave because of the new entrant's perceived advantages, but offer product or service enhancements that will delay their defection. Emphasize that benefits gained in the switch may be only minor ones.

Figure 13: Choosing the Right Defensive Strategy (Roberts 2005, p. 3)

Option Realisation

Figure 14 by Richardson (2020) identifies the key markets for soap and cleaning compound manufacturing in Australia. The largest segment is households (61.2%), followed by industrial and institutional users (22.5%) and export markets (16.3%).

As such, our recommendations focus on targeting these three key markets.

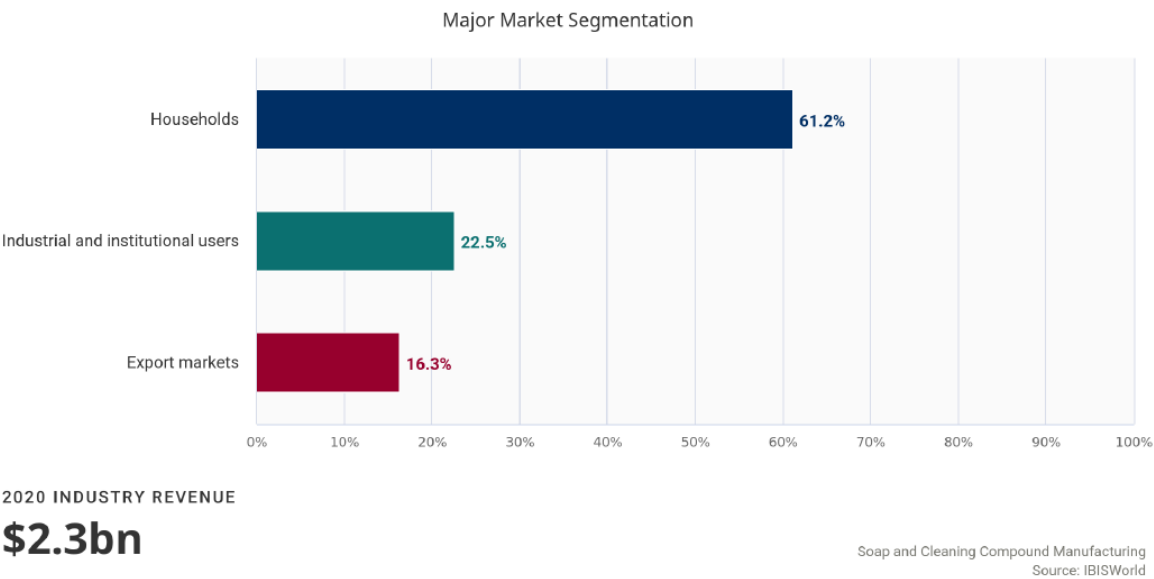


Figure 14: Segmentation of major markets for soap and cleaning compound manufacturing (Richardson 2020)

Southern Highlands Consumers and Businesses

Given consumer attitudes towards local purchasing and lack of established brand awareness for hand sanitisers, we suggest targeting consumers and businesses in the Southern Highlands. With the close proximity of this geographic segment to A&I Coatings' manufacturing plant, it can utilise **reliable product availability** and **local flavours** as a point of difference.

Product

As a form of product differentiation from the clinical packaging (Figure 15) of competitive offerings, A&I Coatings should create a line extension which is uniquely rooted in the Southern Highlands. Expressed through iconography such as tulips or grape vines on the packaging and an appropriate brand name, this hand sanitiser should leverage origin effects amongst local consumers.

To cater for businesses and households, it should be offered in a variety of sizes from 60mL to 5L with heavy-duty pumps.









 <p>Dettol Refresh Liquid Hand Sanitiser 200mL Healthy Touch Antibacterial</p> <p>\$5.99 \$1.00 Off RRP!</p> <p>BUY NOW</p>	 <p>Dettol Instant Liquid Hand Sanitizer Original Antibacterial 50ml</p> <p>\$2.99 \$1.00 Off RRP!</p> <p>BUY NOW</p>	 <p>Dettol Hands and Surface Wipes 15pk 2 in 1 Antibacterial</p> <p>\$1.99 \$1.00 Off RRP!</p> <p>BUY NOW</p>	 <p>Oz Guard Instant Hand Sanitiser 750ml</p> <p>\$9.99 \$3.00 Off RRP!</p> <p>BUY NOW</p>
 <p>Aqium Antibacterial Hand Sanitiser 1L</p> <p>\$13.99 \$0.96 Off RRP!</p> <p>BUY NOW</p>	 <p>Palmolive Non-sticky Hand Sanitizer Japanese Cherry Blossom Pump</p> <p>\$5.99 \$1.50 Off RRP!</p> <p>BUY NOW</p>	 <p>Dettol Instant Liquid Hand Sanitizer Original Antibacterial 50ml</p> <p>\$2.99 \$1.00 Off RRP!</p> <p>BUY NOW</p>	 <p>Microshield Angel Blue Antimicrobial Hand Gel 500ml</p> <p>\$15.99</p> <p>BUY NOW</p>

Figure 15: Clinical packaging of competitive offerings (Chemist Warehouse 2020)

Place

Given the growth of online shopping habits across all categories, A&I Coatings should operate an e-commerce channel to sell directly to consumers and businesses. Simultaneously, they should stock products in retailers such as Moss Vale Community Pharmacy to increase brand awareness and reinforce associations of being a local manufacturer.

Price

Given that the median weekly income of households in the Southern Highlands (\$1091) is lower than New South Wales (\$1486) according to the Australian Bureau of Statistics (2017), we recommend competitive pricing on parity with local competitors. To assist penetration in this new market, coupons can be utilised to appeal to price sensitive consumers.

For business customers, quantity discounts can be offered to encourage trial and establish loyalty. Following the long-term development of relationships, pricing can be renegotiated in later transactions.

Promotion

Central to A&I Coatings' promotional campaign will be inducing trial of the product to highlight superior properties such as its moisture retention. In addition, public relations amongst the Southern Highlands community will be important to root the hand sanitiser in this locale.

To this end, A&I Coatings can sponsor major events such as Tulip Time with their provision of hand sanitiser stations to reach consumers. In addition, providing free samples and display allowances for retailers will assist the visual merchandising of the product and garner brand awareness in the community.

This should be complemented with an online content strategy across social media and their website which showcases the hand sanitiser in local venues and their Australian-made qualities. Paid advertising on Facebook and Instagram can be utilised for detailed segmentation of users based on geographic, demographic and behavioural variables (e.g. attending Tulip Time 2021).

By leveraging multiple touchpoints with consumers and businesses, A&I Coatings can resonate with Southern Highlands consumers and businesses and develop a competitive advantage for this market.

Government and Commercial Customers

Industrial and institutional users such as RailCorp and Colliers International represent a stable source of revenue for hand sanitisers, often issuing tender which can last up to five years (eTendering 2020). These contracts vary from transport vehicle sanitisation stations to the provision of building cleaning services. Particularly with COVID-19 increasing the importance of hygienic practices, improved efficacy in hand sanitisers will be A&I Coatings' competitive advantage.

Therefore, our recommendations centre around the provision of a holistic, integrated product which will enable A&I Coatings to successfully secure these contracts.

Product

We recommend the **bundling of anti-bacterial coatings, hand sanitisers and dispensers**. This is to meet the hygienic demands of public spaces, involving high traffic and contact with surfaces such as railings, handles and tables. Some examples include libraries, train stations and offices.

By incorporating coatings and hand sanitisers, A&I Coatings can leverage its positive brand equity as experts in R&D. In addition, using refills as a complementary good for dispensers will drive repurchasing behaviour and loyalty.

Future innovation should also incorporate channel partners such as cleaning wholesaler Abco in their market research. With their close proximity to buyers, these intermediaries are valuable sources of information on the demands of end-users from hygienic products. This strategy may involve A&I Coatings functioning as contract manufacturers rather than offering their own brand.

Place

Relationships should also be fostered with **commercial cleaning service providers** and **cleaning wholesalers** such as Abco who function as intermediaries. Partnerships with these companies allows the pooling of know-how and reductions in costs due to shared expenses (Mizrahi 2015). In addition, by collaborating with A&I Coatings to present a holistic cleaning solution for government tenders, these middlemen facilitate the acquisition of new customers.

Price

By price bundling their offering, A&I Coatings can increase cross-selling opportunities and defend against direct price comparisons for hand sanitisers. In doing so, they encourage trial of their hand sanitiser and secure greater market share. Prices should be set with a value-based method (over a competitive-based method) that incorporates the value of each product improvement and their relative

importance to buyers. This should include factors such as TGA certification, Australian-made, ethanol content and higher moisturising properties.

Promotion

To reach government buyers, A&I Coatings should register with the **eTendering portal** to apply for exclusive, prequalification schemes. In addition, the firm should register with AMGC COVID-19 Manufacturing Response Register, a network to connect Australian manufacturing businesses for innovation and procurement of supplies (AMGC 2020). By participating in AMGC-sponsored projects, A&I Coatings can build its reputation as an innovative company and extend its networks across public and private sectors.

For business buyers, the firm should register on **trade directories** such as Austrade's Australian Suppliers Directory and Supply Nation. Personal selling efforts should focus on building long-term relationships with cleaning wholesalers and commercial cleaning services. In addition, updated portfolios and blogs on A&I Coatings' website should be sustained to induce positive perceptions from prospective buyers. Collectively, this will make the company more qualified when it applies for commercial contracts.

.

Exports to Global Markets

The small Australian market and its oversaturation of competitors (Sky News 2020) supports the notion of exporting to global markets as a diversification avenue. With overseas clients in locations such as Hong Kong, China and UK according to email correspondence with director Peter Gillies, A&I Coatings' experience with international logistic and existing supply chains makes exporting a viable option.

One possible market is the US hand sanitiser market. IBISWorld (2020) identifies a large market size of \$74.4 million and high growth rate of 16.4%. In addition, increasing cases of COVID-19 has created a supply gap with hand sanitisers regularly in shortage (FinancialNewsMedia 2020)

Product

To ensure greatest penetration into the global export market, A&I Coatings should manufacture hand sanitisers **which abide by FDA and WHO standards**. It should leverage its R&D expertise to diligently match updated guidelines which have acted as **barriers to entry** for competitors (Kavilanz & Yurkevich 2020). To cater for consumers and businesses, products should be offered in individual and bulk sizes.

Place

A&I Coatings should leverage established relationships with companies such as Dulux, **piggybacking** of their existing distribution channels to reduce costs. Dulux Group which operates across the UK, China, New Zealand and other countries (DuluxGroup 2018). By selling hand sanitiser – a different product from Dulux – A&I Coatings can avoid conflicts of interest with these partners and achieve scale economies in logistics and know-how.

Price

Due to differences in each export market, we recommend variable pricing based on competitive offerings. In anticipation of high demanded volume, bulk discounts should be utilised.

Promotion

To promote the firm's hand sanitisers to consumers and businesses in export markets, A&I Coatings should utilise **export management companies**. These intermediaries are experts in regulation, business development, promotion and logistic for particular countries. They will be able to bridge contacts between A&I Coatings and potential buyers within global export markets.

Implementation Plan

This implementation plan incorporates findings from the strategic audit, option generation and option realisation to present a roadmap for the short-term and long-term as shown in Figure 16.

Short-Term

In the next 6 months, we recommend A&I Coatings target local markets in the Southern Highlands to anchor origin effects and develop its brand awareness. This should be done with a Southern Highlands ‘flavoured’ hand sanitiser which incorporates recognisable iconography, such as tulips and grape vines, and botanical ingredients. Multiple physical and digital touchpoints should be utilised such as paid advertising and sponsoring local events with hand sanitiser stations to induce trial. This omni-channel approach should be completed with product availability in brick-and-mortar and online retail channels.

Additionally, we recommend A&I Coatings establish and foster relationships with cleaning supply wholesalers and commercial cleaning services. This is to present an integrated solution to secure profitable, stable tenders. It should build countervailing negotiating power through product extensions with its bundle of anti-bacterial coatings, hand sanitisers and dispensers. Registering on trade directories and networking platforms will assist the acquisition of customers and the potential formation of alliance for scale economies in R&D, logistics and manufacturing.

Long-Term

Within two years, A&I Coatings should diversify from the oversaturated domestic market into more profitable export markets such as the United States. It should deepen its established relationships with Australian channel partners by forming an alliance to achieve scale economies and acquire valuable know-how on international consumers and businesses. This will allow A&I Coatings to be more competitive in the global market and to fulfil its objective of championing Australian manufacturing. Our recommendation is the penetration of the US market, for completion by September 2022.

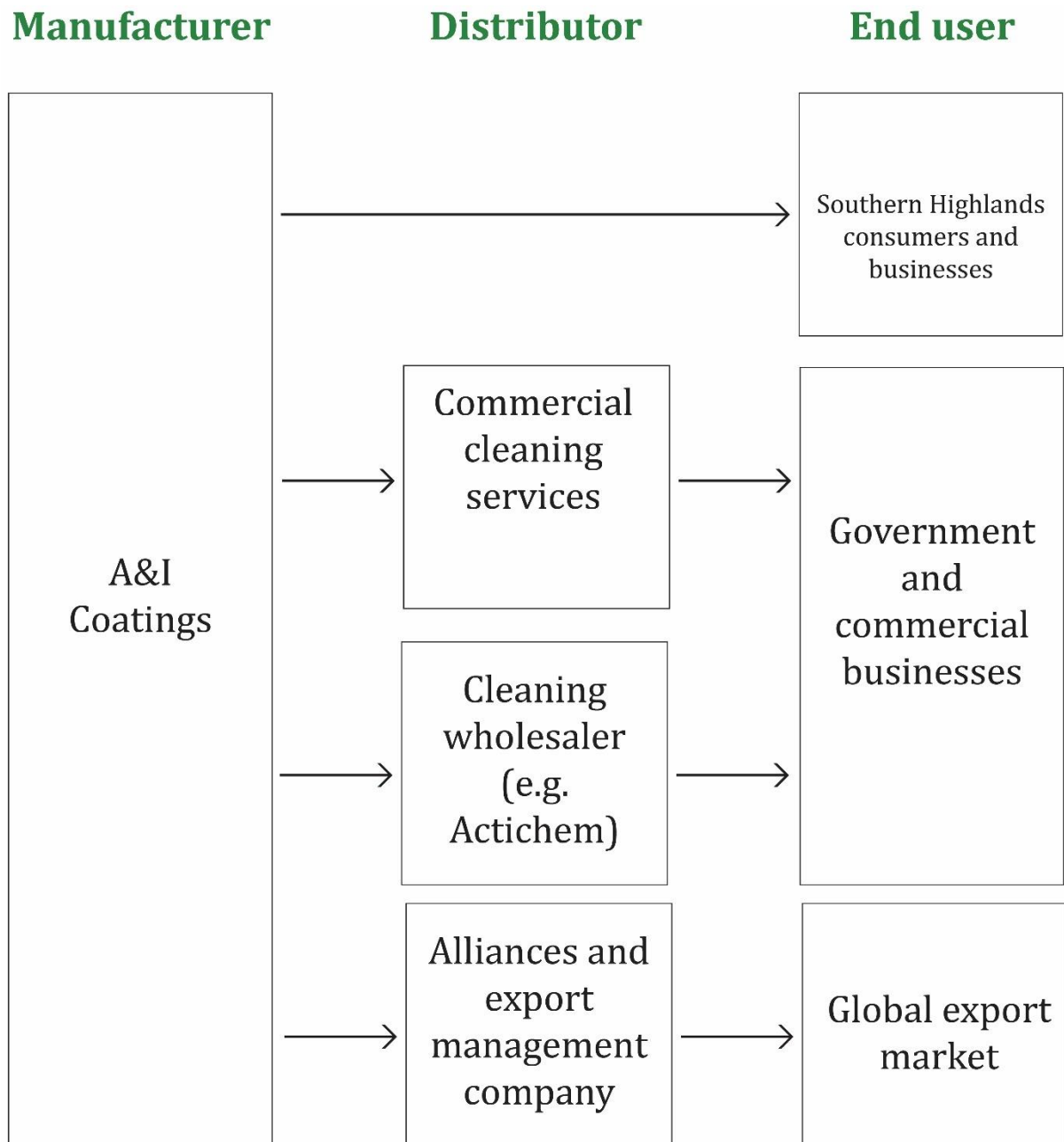


Figure 16: Recommended distribution strategy for A&I Coatings

Conclusion

Emerging from COVID-19, consumers have a greater emphasis on hygiene, e-commerce, product availability, value for money and supporting local businesses.

To respond to the influx of Chinese imports and local competitors, A&I Coatings should leverage its R&D expertise as a point of difference and work with channel partners to deliver integrated cleaning solutions.

- 1) Create a Southern Highlands 'flavoured' hand sanitiser for local consumers and businesses.
- 2) Target government and commercial customers with AntiV bundled with anti-bacterial coatings and dispensers.
- 3) Export to the global market through an Australian manufacturer-led alliance and an export management company.

References

- A&I Coatings 2020, *Introducing AntiV*, Author, Moss Vale.
- A&I Coatings 2020, *A&I Coatings*, Australia, viewed 1 September 2020, <<https://www.aicoatings.com.au/>>.
- Accenture 2020, COVID-19: 5 new human truths that experiences need to address, Accenture, Dublin.
- Alexander, Harriet 2020, 'Every hand sanitiser maker on earth is fighting for the same materials', *The Sydney Morning Herald*, viewed 1 September 2020, <<https://www.smh.com.au/national/nsw/every-hand-sanitiser-maker-on-earth-is-fighting-for-the-same-materials-20200414-p54jpu.html>>.
- Alibaba 2020, *Alibaba Group*, China, viewed 2 September 2020, <www.alibaba.com/>.
- AMGC, 2020, 'COVID-19 Manufacturer Response Register' *AMGC*, viewed 8 September 2020, <<https://www.amgc.org.au/covid-19-manufacturer-response/>>.
- Australian Bureau of Statistics 2020, *Business Impacts of COVID-19 survey*, Cat 5676.0.55.003, ABS, Canberra, viewed 8 September 2020, <<https://www.abs.gov.au/AUSSTATS/abs@.nsf/mf/5676.0.55.003>>.
- Australian Bureau of Statistics 2020b, *Retail Trade, Australia, Preliminary, March 2020*, 8501.0.55.008, ABS, Canberra, viewed 8 September 2020, <<https://www.abs.gov.au/AUSSTATS/abs@.nsf/allprimarymainfeatures/6639845905488D70CA25856D0025881B?opendocument>>.
- Australian Bureau of Statistics 2016, *2016 Census QuickStats Southern Highlands and Shaoilhaven*, viewed 8 September 2020, <https://quickstats.censusdata.abs.gov.au/census_services/getproduct/census/2016/quickstat/114>.
- Bensley, E., Child, J., Smith, T.R., & Tesvic, J. 2020, 'Australia's next normal: The cautious consumer', *Mckinsey & Company*, 13 August, viewed 8 September 2020, <<https://www.mckinsey.com/featured-insights/asia-pacific/australias-next-normal-the-cautious-consumer>>.
- Cameron, N. 2020, *COVID-19 Report: Aussies looks to brands for safety, affordability and product availability*, CMO, Australia, viewed 1 September 2020, <<https://www.cmo.com.au/article/672255/covid-19-report-aussies-looks-brands-safety-affordability-product-availability/>>.
- Chemist Warehouse 2020, *Chemist Warehouse*, viewed 10 September 2020, <<https://www.chemistwarehouse.com.au/shop-online/1986/hand-sanitiser>>.
- China Customs Statistics 2020 accessed 8 September 2020.

- Colling, L., Farmer, R., Child, J., Feldman, D. & Coumeau, J. 2020, 'Emerging from COVID-19: Australians embrace their values', *Mckinsey & Company*, 11 May, viewed 7 September 2020, <<https://www.mckinsey.com/industries/retail/our-insights/emerging-from-covid-19-australians-embrace-their-values>>.
- Corporate Finance Institute 2020, *Corporate Finance Institute*, viewed 9 September 2020, <<https://corporatefinanceinstitute.com/resources/knowledge/strategy/ansoff-matrix/>>.
- DuluxGroup 2018, *2018 Annual Report*, DuluxGroup, Author, Clayton.
- eTendering 2020, *NSW Government*, viewed 7 September 2020, <<https://www.tenders.nsw.gov.au/railcorp/?event=public.rft.showArchived&RFTUUID=4262A21D-E4EE-6911-05CD57C1840C4184>>.
- Farrell, Paul 2020, 'Hand sanitiser manufacturers warned not to breach rules during coronavirus pandemic', *ABC News*, viewed 1 September 2020, <<https://www.abc.net.au/news/2020-07-27/hand-sanitiser-manufacturers-warned-not-to-breach-rules/12489992>>.
- Federal Register of Legislation 2020, *Customs (Prohibited Exports) Regulations 1958*, compilation no. 97, F2020C00763, Office of Parliamentary Counsel, Canberra.
- FinancialNewsMedia, 2020, Demand For Hand Sanitizers Still Booming as FDA Issues Guidance on Production, viewed 3 September 2020, <<https://www.prnewswire.com/news-releases/demand-for-hand-sanitizers-still-booming-as-fda-issues-guidance-on-production-301074233.html>>.
- Glasshouse Fragrances 2020, *Glasshouse Fragrances*, Australia, viewed 7 September 2020, <<https://www.glasshousefragrances.com/blogs/news/inside-our-hq-the-hand-sanitiser-story>>.
- Hanbury, Mary 2020, 'People are obsessed with Costco's free samples — but it's actually a brilliant business strategy', *Business Insider*, viewed 8 September 2020, <<https://www.businessinsider.com/costco-free-samples-strategy-2018-3>>.
- Huddleson, Tom 2020, 'The history of hand sanitiser—how the coronavirus staple went from mechanic shops to consumer shelves', *cnbc*, viewed 1 September 2020, <<https://www.cnbc.com/2020/03/27/coronavirus-the-history-of-hand-sanitiser-and-why-its-important.html>>. Manly Spirits Co. 2020, *Instagram*, viewed 2 September 2020, <<https://www.instagram.com/manlyspirits/>>.
- Ibisworld, 2020, Hand Sanitizer Manufacturing in the US Market Size 2002–2026, viewed 3 September, <<https://www.ibisworld.com/industry-statistics/market-size/hand-sanitizer-manufacturing-united-states/>>.
- Iredale, A 2018, Are consumers as ethical as they say they are?, viewed 3 September 2020, <<https://www.choice.com.au/shopping/everyday-shopping/ethical-buying-and-giving/articles/do-consumers-care-about-ethical-products>>.

- Kavilanz, P. & Yurkevich, V. 2020, 'A plan to ease the hand sanitizer shortage could go bust', *CNN*, 1 May, viewed 10 September 2020, <<https://edition.cnn.com/2020/05/01/business/hand-sanitizer-ethanol-fda/index.html>>.
- Kelly, A. 2020, *Cleaning and Maintenance Supplies Distributors in Australia*, IBISWorld, Melbourne.
- Manly Spirits Co. 2020, *Manly Spirits*, Australia, viewed 2 September 2020, <<https://manlyspirits.com.au/>>.
- Manly Spirits Co. 2020, *Instagram*, USA, viewed 2 September 2020, <<https://www.instagram.com/manlyspirits/>>.
- McKinsey & Company 2020, *Survey: Australian consumer sentiment during the Coronavirus crisis*, Australia, viewed 1 September 2020, <<https://www.mckinsey.com/business-functions/marketing-and-sales/our-insights/survey-australian-consumer-sentiment-during-the-coronavirus-crisis#>> .
- Ministers Department of Health 2020, 'Increased flexibility for production of hand sanitiser to bolster supplies', *Ministers Department of Health*, viewed 1 September 2020, <<https://www.health.gov.au/ministers/the-hon-greg-hunt-mp/media/increased-flexibility-for-production-of-hand-sanitiser-to-bolster-supplies>>.
- Mizrahi, O 2015, 'What Teaming Up With Another Company Can Do For Your Business', *Fast Company*, viewed 8 September 2020, <<https://www.fastcompany.com/3039014/what-teaming-up-with-another-company-can-do-for-your-business>>.
- Monroe, J 2019, 'Strategy Works: The Benefits of Strategic Implementation Planning', *Collaborative Solutions*, viewed 10 September 2020, <<https://blog.collaborativesolutions.com/benefits-of-strategic-implementation-planning>>.
- Opray, M 2020, 'Australian distillers who made sanitiser left with unsold product as cheap imports flood market', *The Guardian*, 4 June, viewed 8 September 2020, <<https://www.theguardian.com/australia-news/2020/jun/04/australian-distillers-who-made-sanitiser-left-with-unsold-product-as-cheap-imports-flood-market>>.
- Pisnker, Joe 2014, 'The Psychology Behind Costco's Free Samples', *The Atlantic*, October 1 2014, viewed 8 September 2020, <<https://www.theatlantic.com/business/archive/2014/10/the-psychology-behind-costcos-free-samples/380969/>>.
- Richardson, A. 2020, *Soap and Cleaning Compound Manufacturing in Australia*, IBISWorld, Melbourne.
- Sky News Australia 2020, 'NSW manufacturers 'jumped at the opportunity' to supply PPE, left disappointed', 8 June, *Sky News Australia*, viewed 9 September 2020, <https://www.skynews.com.au/details/_6162303552001>.

- UBTA Finance Coach 2020, *Strategy on a Page ('SOAP'): For A&I Coatings 2020 to 2021*, A&I Coatings, Moss Vale.
- Wegner, M & Zaveri, I 2020, *Australian Consumer Sentiment Snapshot #3*, BCG, Australia, viewed 1 September 2020, <<https://www.bcg.com/en-au/publications/2020/australian-consumer-sentiment-snapshot-3>>.