



## MIL-OSI Australia: Ferndale Confectionery finds a sweet spot in North Asia

860 words

1 May 2018

ForeignAffairs.co.nz

PARALL

English

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Source: Australian Trade and Investment Commission - Austrade

December 2017

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What started off as a dream in 1995 is now a reality, with Ferndale Confectionery supplying some of Australia's most well-known sweets internationally, thanks to Australia's North Asia free trade agreements.

Ferndale Confectionery began as a dream for founder Bruce Edward. Established in 1995, the idea behind the family business was to create a sugar-free and fat-free confectionery option suitable for diabetics.

Before long, this tasty idea began to tempt even the sweetest of palates with products such as JILA ® mints and JOLS ® fruit pastilles.

By 2004, Ferndale Confectionery had secured supply contracts with major Australian retailers and was exporting to eight international markets.

Now managed by Bruce Edward's youngest son Leigh, the company has grown significantly, placing them as one of the top confectionery producers in Australia and internationally.

Determine an export strategy

Today, the family's Delacombe factory produces more than 25 million packs of confectionery per annum and has close to 4,000 distribution points in China. However, wind the clock back 18 years and General Manager Leigh Edward admits that when it came to exporting, it wasn't all smooth sailing - they didn't even have an export strategy.

'We always exported on an ad-hoc basis. We'd send our products to interested distributors and as long as we were paid, we didn't really care, which obviously wasn't a good business strategy.'

After several years of consideration, Ferndale Confectionery decided to invest time into exporting and make the leap into Asian markets. Leigh and his older brother Jarrod, visited several countries to discover the appropriate market for the company, before deciding on China.

Take cultural differences into consideration

Exporting products to China wasn't as easy as Edward thought it would be. He says they found promoting the fat-free and sugar-free attributes of the products did not have the same impact in China as it did in Australia.

'At the first trade show we attended, we found there was zero interest in our sugar-free and fat-free products. My assistant, who is a Chinese national, said we were doing it all wrong.'

Edward acknowledges it took the company some time to understand the different demands of Chinese consumers, but once they grasped the idea, they redesigned their products to cater to the tastes of the new market.

'We spent probably two or three years discovering what Chinese consumers wanted, and what we found was that high fibre is important in their diet. So, to cater to this preference, we changed the messaging and the design and suddenly there was interest,' says Edward.

## FTAs help lower export costs

The China-Australia Free Trade Agreement (ChAFTA) has reduced the tariffs on confectionery items sold by Ferndale in the last four years. Edward says this has allowed the company to lower the price of its products in China, resulting in increased sales.

'Prior to utilising ChAFTA, our products were priced around 20 per cent above those that were locally produced. Now, under the free trade agreement (FTA), our prices are on par with our competitors.'

Ferndale Confectionery has also expanded its exports to Japan and Korea, where Edward says FTAs have already eliminated tariffs on its products.

'We are quite lucky, the Korea-Australia FTA and Japan-Australia Economic Partnership Agreement have allowed our products tariff-free entry since they were implemented.'

## Exports drive business growth

In the past four years, Ferndale Confectionery has seen significant growth across the business. To meet increasing local and international supply demands, a new state-of-the-art facility is being built that will see at least 20 new job openings by the end of 2018.

Edward credits the FTAs for the company's growth, saying none of this would have been possible had Ferndale Confectionery kept business local.

'We wouldn't have seen this kind of growth if we were only supplying to the Australian market. But after adding in the demands of multiple international markets, we have the confidence to invest in new facilities.'

## Commit to a market

For those considering exporting, Edward says Ferndale Confectionery has found success by focusing on a single market and ensuring they were entirely across it.

'Don't try and do everything, because you can't. Just pick one market and be super-focused,' he says.

'We took our time, with a step-by-step approach, and were able to see what worked and what didn't. There were a lot of trials and tribulations through the whole learning curve, but it's certainly very exciting.'

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