

Australia's Chinese personal shoppers about more than baby formula — it's a \$1 billion industry

Updated 26 April 2018, 18:50 AEST

By Michael Vincent

Ever seen people clear entire shelves of baby formula at your local pharmacy or supermarket?

Those shoppers may be Daigou — the Chinese practice of buying on behalf of someone else.

It's a relatively simple business.

Daigou can make between \$5-\$10 profit on each tin of formula.

An order will be sent or negotiated via WeChat (the Chinese messaging service), which has inbuilt cash transactions (<http://www.abc.net.au/news/2017-12-18/wechat-what-you-need-to-know-about-china-social-media-juggernaut/9268036>).

Then it's just a matter of shopping, packing and sending the product (including receipts) to the Chinese buyer.

'Australian baby formula is the best'



Demand for baby formula in China has regularly seen Australian supermarket shelves emptied. (Credit: ABC)



(http://www.abc.net.au/news/2018-04-26/img_1589.jpg/9671450) **Photo:** Cici He is a Daigou for Chinese clients (ABC News: Jerry Rickard) (http://www.abc.net.au/news/2018-04-26/img_1589.jpg/9671450)

Meet personal shopper Cici He.

The Sydney mother of two has been a Daigou for 10 years.

"In the beginning I was just a mother sharing my life with my friends and my family and they thought Australian products were very good, so they asked me can I buy it for them," Ms He said. "

She's also now an "influencer" — regularly livestreaming to tens of thousands of mums about Australian products.

Her latest interest is Australian groceries and health products.

"Food like the oil. We sell a lot to China right now [but] some food depends on the government [regulations]."

Price is clearly not an issue.

"Australia's organic food is very famous in China," she said.

"At the beginning [of my business] we started with the baby formula.

"Everyone think Australian baby formula is the best, so it's very popular."

'Formula should be available at our local supermarket'



(<http://www.abc.net.au/news/2018-04-26/delrissa-marciano-5.jpg/9672476>) **Photo:** Delrissa Marciano is frustrated that she sometimes can't get formula for her son because of bulk buyers. (ABC News) (<http://www.abc.net.au/news/2018-04-26/delrissa-marciano-5.jpg/9672476>)

Ten years ago a poisoning scare involving Chinese baby formula drove an increase in Chinese demand for safe Australian baby formula, much to the frustration of mothers like Delrissa Marciano.

She has regularly run into problems getting baby formula for her son — watching others buy in bulk.

A recent trip to her local pharmacy left her particularly furious.

“ "A guy was there was racking up six cans of Bellamy's, six cans of A2 and four cans of Karicare," she said. ”

"I feel incredibly frustrated just because we have to go through this process when we shouldn't have.

"Formula should just be available at our local chemist, at our local supermarket.

“ "We shouldn't have to be put through having to drive left, right and centre to try and find what we need." ”

Daigou exports 'like Australia Post on steroids'



(http://www.abc.net.au/news/2018-04-26/img_1034.jpg/9671746) **Photo:** Dr Mathew McDougall runs an online Daigou business (ABC News: Jerry Rickard)
(http://www.abc.net.au/news/2018-04-26/img_1034.jpg/9671746)

There have been several incidents filmed by angry Australian shoppers questioning the mass-purchasing of baby formula.

It's a situation Dr Mathew McDougall wants to remedy.

He's a Mandarin-speaking entrepreneur and president of the Australia-China Daigou Association — a group he hopes will regulate the practice of Daigou to stop the shelf-clearing.

"If you turn to current affairs or on the TV shows, everything you saw was negative and it was seen to be an unfair characterisation in my mind," Dr McDougall told 7.30.

He also sells to Daigou via an online warehouse.

“ "We're talking about a \$1 billion cross-border trade," he said. ”

"I'd be suggesting in the tens of thousands [of items] a week.

"Now that would blow the mind of most people.

"It's like Australia Post on steroids."

Chinese demand booming



(http://www.abc.net.au/news/2018-04-26/20180412_091313.jpg/9672072) **Photo:** An AuMake daigou store in Australia (ABC News: Jerry Rickard)
(http://www.abc.net.au/news/2018-04-26/20180412_091313.jpg/9672072)

Enter the chain of shops designed with Daigou in mind — AuMake.

Shoppers can buy, pack and send from the store with child-minding and a cafe.

Australian small and medium businesses pay to stock their wares and there's a seminar room for new products which beams presentations live into China.

AuMake's listed on the ASX and recently opened its eighth store in Sydney with more plans to expand.

"We are going to nine in the next month or two," executive chairman Koeng Chan told 7.30.

“ "We'll be looking to expand across Australia into Queensland and Victoria and we'll do that in the next coming months."

He said most Australian businesses are still trying to get their head around the massive expansion in demand from China via Daigou shoppers.

"You're talking about the Chinese market, you're talking about the population of Australia in one city and how's it possible for an Australian supplier to be able to supply a hundred cities, if you want to think about it in that context, because that's what we are talking about, and that's why [we're] finding demand and supply out of whack," he said.

Meeting demand at home and abroad



(<http://www.abc.net.au/news/2018-04-26/blackmores-pill-bottles/9672026>) **Photo:** Blackmores products are a favourite of Daigou. (ABC News: Emily Stewart)
(<http://www.abc.net.au/news/2018-04-26/blackmores-pill-bottles/9672026>)

Businesses like Blackmores have recognised this new opportunity for sales.

"I think a lot of our products have been carried in the suitcases literally out of country for some time now," said Tim Scotcher, Blackmores' general manager medicinal foods.

Now they have to ensure they can meet demand at home and abroad — especially when it comes to baby formula.

"Blackmores is committed to ensuring that we can continue to supply all mums including, obviously, our mums in China, in our Daigou network," Mr Scotcher said.

"But, of course, critically for us is maintaining our suppliers for Australian mums and keep focus."

But it's too late for Ms Marciano.

She has already given up on formula and decided to give her son full-cream milk earlier than they wanted.

“ "I just want Australian families to be given the opportunity to actually buy food for their children and not have to go through the stress of trying to find formula," she said. ”

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