

THE LAND

SE EARLY GENERAL NEWS
HD **Norco's big push for ice-cream**
BY ROBYN AINSWORTH
WC 822 words
PD 2 October 2014
SN The Land
SC FTLAND
PG 14
LA English
CY Copyright 2014 Fairfax Media Publications Pty Limited. . Not available for re-distribution.
LP

ICE-cream is adored by people the world over yet it is so much more than just a sweet treat.

The dessert is helping boost northern NSW's **dairy** industry.

TD

Norco chairman Greg McNamara told the Farm Writers' Association of NSW last Friday while the co-operative's **milk** exports to **China** were taking the **business** in the right direction, ice-cream was definitely the next big export opportunity.

"Ice-cream's important to our **business**," he said.

"You've got to have multiple strategies to succeed."

The Norco factory's ability to produce premium branded ice-cream and generic ice-cream for retailers, particularly in the off-shoulder period, had helped improve the co-op's bottom line.

Mr McNamara said Norco's philosophy was "adding value".

He said the co-op had worked with the major retailers, such as Coles, and learnt to make ice-cream.

While its own premium **brand**, Cape Byron, launched in 2001, was the number one ice-cream in Australia, the **company** almost went broke, he said.

Norco ice-cream made a loss for six or seven years and the **board** members knew they had to turn it around.

"The volume for premium ice-cream is so small in Australia," he said.

"A lot went broke and we were the last man standing."

Now Norco doesn't sell a branded product but its ice-cream arm is lucrative.

He said Streets Unilever had a problem in its Minto factory in Sydney some years ago so Norco spent \$2 to \$3 **million** adapting its factory to make Magnum ice-creams.

"We won supplier of the year at Coles in 2012 and again this year," Mr McNamara said.

"We make it for them and deliver it to their specifications."

Mr McNamara said he hoped to develop a market for the ice-cream in **China** and other Asian markets.

"We've sent a number of containers of ice-cream to **China**," he said.

The co-op has been exporting ice cream to Japan for 10 years, and shipped to the Philippines in March.

Ice-cream is just one of several facets at Norco, which has a 119-year history that includes expansion, contraction, joint ventures and **buy-outs**.

Mr McNamara said three prongs influenced the **business** strategy: disappearing land, increasing population and the need to feed it, and the retail sector.

"The consistent message is the diminishing area of land for agriculture," he said.

He said in the 1970s there was one acre of land per person, now it was .22 of an acre per person.

"Transition in agriculture is constant," he said.

The retail sector (Wool- worths, Coles and Aldi) was the "big challenge people don't talk about", he said.

In April 2013, Norco secured the Coles branded **milk** contract for five years and began supplying as much as 65 **million** litres of **milk** a year the equivalent of 500,000 bottles of **milk** a week.

"You need to get into the headspace of how others think before you have the conversation (with retailers)," Mr McNamara said.

He said short-term contracts once dictated the industry, as did demands to rationalise and cut costs, with the threat of loss of shelf space.

"Retailers are now saying, 'can we promote your provenance story?' and 'can we have it for a longer time?'," he said.

"But at some point, it's a negotiation, it's not a one-sided conversation.

"We need to find ways to extract the highest possible price because if we can't, nobody else will.

"But finally, we can say no to the retailer."

Among the multiple strategies at Norco are to have a strong presence in the route trade supply chain; selling fresh **milk** to **China**; and the ice-cream.

Norco's success in **China** is well documented.

He attributed a mobile phone authenticator app as the deal clincher.

It was a way to convince the **Chinese** authorities, **business** partners and consumers Norco **milk** had the highest level of quality control available and was therefore worthy of being **sold** at a premium (\$7 to \$9 a bottle) to **China's** burgeoning middle class.

"Each bottle has a code on its label from the moment it passed the scanner in the factory to when it landed on the shelf in **China** and the consumer can scan it (to see that it has been rigorously tested)," he said.

"It was a game changer."

Norco's relationship with the **Chinese** was the main factor in the export success and now the co-op was looking to employ more **Chinese** people.

"We're a Caucasian **business** and we need to employ **Chinese** to seize the opportunities.

"Many **Chinese** we deal with don't speak good English and we don't speak Mandarin; there have been some misunderstandings."

RE austr : Australia | china : China | nswals : New South Wales | apacz : Asia Pacific | asiaz : Asia | ausnz : Australia/Oceania | bric : BRICS Countries | chinaz : Greater China | devgcoz : Emerging Market Countries | dvpcoz : Developing Economies | easiaz : Eastern Asia

PUB Fairfax Media Management Pty Limited

AN Document FTLAND0020141001eaa200034