



final report

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Harvey Beef Retail Ready Export Market Development Capability Building Activity

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Abstract

This is the final report on Harvey Beef project P.PIP.0553. The report presents the results achieved, insight gained, and benefits expected to flow from the outcomes.

Harvey Beef completed necessary equipment instalment and commissioning for its retail ready product export operation; established distribution protocol and launched a range of premium Harvey Beef branded retail ready product in Hong Kong, Mainland China, Mauritius, Myanmar, and Taiwan and are in the process of launching into Thailand and Qatar.

Harvey Beef took the approach of packaging the product to have the same look as the domestic Harvey Beef branded retail packs enabling consumers to purchase the products as they would if they were in Western Australia. This approach was found to work well.

Production of fixed weight retail steak products for export resolves the issues around labelling product prior to shipment and the use of accurate portion-controlled equipment (i-Cut 130) ensures low yield loss and low giveaway. Fixed weight portioning is preferred by retail businesses as it gives them confidence on consistency of product and allows flexibility around price structures.

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1 Background

Final report encompassing the following to be submitted to MLA for review and approval.

- Present key research findings and approaches taken to identify and develop innovation capability for target market selection, in market testing, operational scale up, supply chain design and marketing mix development
- Photos of finished product and conversion yields and metric to describe the “value multiplier” for producing and exporting retail ready products is to be included.
- An overview of the developed business model design and lessons learnt analysis in developing and evaluation the value proposition for an integrated Western Australia produced retail ready red meat products merchandised overseas as if the market could purchase “like in Australia”. Showcase desirable-viable-feasible research design.

2 Project objectives

Based on preliminary market research, demonstrate through the development of a pilot value chain that Australian supermarket themed product presents an attractive value offering in both Asia and Middle Eastern supermarket and food service channels.

Build internal capability around assessing export market opportunity and arranging required resources (both market assessment and operational components) to develop prototypes to examine the sustainable commercial viability of international market opportunities.

The Project will explore and establish new channels into Asia for Harvey Beef's branded retail packed premium products.

Develop Harvey Beef branded premium product in Asia and Middle East markets by supplying Western Australian produced and processed high value beef products.

3 Discussion

Based on our work with a retailer in Hong Kong, we identified opportunities in Mainland China, Taiwan, Mauritius, Thailand, Myanmar, and Qatar for our retail packs. Working with our wholesalers or direct with the retailers we proposed a tailored product mix for each customer with sizes and cuts to suit. We also designed packaging with country specific translations to reduce our processing time and make it easier for customers in store. At the same time, we maintained the same “look” and overall brand design as our established domestic retail range.

We were successful in securing listings in supermarkets in Hong Kong, China, Myanmar, Taiwan and Mauritius. Our largest volumes are going into Hong Kong and Taiwan.

Harvey Beef does not hold a Chilled listing for Mainland China, so products for China have been frozen, presented in a similar vacuum skin packaging (VSP) pack. Product for all other markets has been chilled vacuum skin packaging (VSP).

3.1 Yield and Value Multiplier Metrics

The i-cut machine improves the returns because there is minimal wastage and therefore makes fixed portioning an economical proposition. The total loss from the end slices and the giveaway (not e-weighed) is 8-12%. This compares to up to 25% with hand sliced product. This yield improvement is achieved by the functionality of the i-cut 130 which scans the primal before slicing, ensuring optimal cutting lines and fixed weight portions. Without this technology producing fixed weight portioned product with fixed pricing would not be viable and the product could not be labelled in Australia.

Labelling in Australia on a catch weight basis is not practical because retail pricing would have to be known at the time of packing and there is no standard format across overseas retailers for catch-weight labelling. Fixed weights enable the retailer to set the price on any day within their cash register system and use display cabinet price labelling.

The main benefit of the fixed weight system is to make export retail viable. However, the yield gain alone is very significant as illustrated here:

Giveaway achieved	10%
Typical giveaway achieved for hand-cut equivalent	18%
Yield saving achieved through use of i-cut	8%

This data demonstrates that without the giveaway saving from the i-cut 130 the operation would barely make a profit and would not be viable.

3.2 Growth Potential

With our existing customer base there remains opportunity to expand volumes significantly. We estimate that overtime we will achieve at least double current volumes. Beyond that we continue to expand the customer base in Asia and the Middle East and see significant growth opportunities in these regions.

While the current revenues are small compared to our wholesale business this growth opportunity leads us to believe that Export Retail Ready product will over time make a significant contribution to our returns, and therefore returns to our producer suppliers.

The following photos show typical examples of our product displays within our overseas retail partner stores.





4 Conclusions/recommendations

Project progressed as planned.

Harvey Beef has been successful in launching retail ready product in multiple markets, where customer feedback is strong on the quality, security and shelf life of the product. We continue to see this as a core focus area for our business and are pursuing additional opportunities in other markets.

The project has been a financial success adding addition margin to the business. The project has demonstrated significant opportunity for further growth and we expect the benefits to be significant and contribute to cattle returns over time.

The accurate fixed weight portioning achieved with the i-cut 130 has been shown to make export retail ready viable. Without this technology the giveaway would be too great and the margins too thin.

Harvey Beef will continue to expand our export retail ready sales into Asia and the Middle East.