



# Final report

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## Uncle Sam Milestone 8 - Final Report

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## Abstract

Freeze Dry Industries (FDI) previously completed an MDC research project on Bovine Hides – Extracting Food Grade Collagen from Beef Hides (P.PSH.1274). From this project FDI developed a food grade, organic method of extracting a bovine collagen which has been launched in Australia under the brand Organic Collagen Australia (OCA). The purpose of this project was to test and validate the US market for the same product.

Utilising the experts both in Australia and on the ground in the US, the export requirements for the products and paths to market were explored and evaluated. While it was found that no factory outfitting was necessary, the messaging and product names and claims needed updating. The structure for selling into large retailers was quite different than in the US, and it took longer than expected for OCA to find suitable representatives on the ground.

OCA's products are currently available in the US, both online and through brick-and-mortar stores. Through the project OCA has developed a path for other companies to learn from their approach to exporting innovative red meat products overseas, to capitalise on and further 'brand Australia' and growing the market for Australian red meat products. A subsequent promotional video describing FDI and MLA's partnership can be seen at this link: <https://youtu.be/JQJZWPL-RvI>.

## Executive summary

### Background

Freeze Dry Industries (FDI) have previously completed a Research Proposal for MDC on Bovine Hide – Extracting Food Grade Collagen from Beef Hides (P.PSH.1274). From this project FDI developed a food grade, certified organic method of extracting hydrolysed bovine collagen peptides which has been launched in the form of supplements and skin care products in Australia under the brand Organic Collagen Australia (OCA).

The purpose of this project was to test and validate the same range of certified organic collagen peptides-based products US market for the same product.

### Objectives

The objectives of the project were:

- Evaluate the market opportunity for organic collagen peptides in the US
- Identify export requirements for OCA organic collagen peptides product range
- Research the most efficient path to market in the US for OCA's products

### Methodology

The objectives were explored using different consultants and experts.

- US consumer research conducted by local experts
- Legal advice regarding export product requirements
- Path to market plan developed with US representatives

### Results/key findings

OCA identified a great opportunity for certified organic collagen peptides in the US and a strong interest both among consumers and distributors. OCA's products are suitable for export and are currently being sold both online and through brick-and-mortar stores in the US.

### Benefits to industry

By utilising bovine hides for the collagen peptide extraction, OCA is directly benefiting Australian processors. Furthermore, by marketing and selling high quality Australian red meat products in the US, it is benefiting brand 'Australia' and building a brand-new market overseas.

### Future research and recommendations

No further research is needed in terms of product-market fit, now OCA just needs to capitalise on the market opportunity in the US. With the connections established in the US, OCA's whole product range is currently available both online and in brick-and-mortar stores nationally. It is likely that ongoing operational efficiencies will be required to support growth with improved yields and throughput to capitalise on the identified opportunities. This includes constructing a solid supply base of Australian hides.

## Table of contents

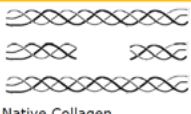

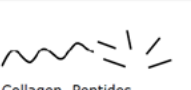
<b>Executive summary .....</b>	<b>3</b>
<b>1. Background .....</b>	<b>6</b>
<b>2. Objectives.....</b>	<b>7</b>
<b>3. Methodology .....</b>	<b>8</b>
<b>4. Results .....</b>	<b>8</b>
<b>4.1 Export Requirements .....</b>	<b>8</b>
4.1.1 Prescribed Goods.....	8
4.1.2 Non-prescribed Goods.....	8
4.1.3 Importing Country Requirements .....	8
4.1.4 Legislative Requirements for Factory Outfitting.....	9
4.1.5 Meat Processing Requirements .....	9
4.1.6 Export Audit .....	9
4.1.7 TGA Approval.....	9
<b>4.2 Labelling requirements .....</b>	<b>9</b>
4.2.1 Supplements.....	9
4.2.1.1 Packaging changes for supplements .....	10
4.2.1.1.1 Supplement names.....	10
4.2.1.1.2 Health claims.....	10
4.2.1.1.3 Nutritional panel .....	11
4.2.1.1.4 Other .....	11
4.2.2 Skin care .....	11
4.2.2.1 Packaging changes for skin care.....	12
4.2.2.1.1 Product labels .....	12
4.2.2.1.2 Outside packaging .....	12
<b>4.3 Consumer research.....</b>	<b>12</b>
4.3.1 Application .....	14
<b>4.4 OCA Marketing Plan .....</b>	<b>15</b>
4.4.1 Consumer Survey.....	15
4.4.2 Marketing Strategy .....	16

<b>4.5 OCA US representation .....</b>	<b>17</b>
4.5.1 Sales agent .....	17
4.5.2 Third party logistics .....	17
4.5.3 Distributors.....	17
<b>4.6 Sales .....</b>	<b>18</b>
4.6.1 Amazon store front.....	18
4.6.2 US stores .....	18
<b>5. Conclusion .....</b>	<b>19</b>
<b>5.1 Key findings.....</b>	<b>19</b>
<b>5.2 Benefits to industry .....</b>	<b>19</b>
<b>6. Future research and recommendations.....</b>	<b>20</b>

# 1. Background

The goal of this research project is to test and validate the market for high molecular weight bovine collagen products and commence sales to USA-based customers. This would represent the creation of a new, high value consumer good export pathway for red meat products. Ultimately, the success of this project completes the cycle for the Bovine Collagen MDC research and development by proving scale and commercialisation.

Freeze Dry Industries (FDI) are currently undertaking a Research Proposal for MDC on Bovine Hide – Extracting Food Grade Collagen from Beef Hides (P.PSH.1274). In 2020, the global market size for all forms of collagen was reported be valued at USD 4.7 billion. Growing demand for collagen can be attributed to a rise in end-use applications such as cosmetic surgeries, wound healing and nutritional products. The market is largely segmented into three segments of ‘native collagen’, ‘gelatin’ and ‘collagen peptides’. Segmentation is based upon increasing levels of hydrolysis, with decreasing molecular weight distribution being the key measure of bioavailability and hydrolysis extent.

Form	Solubility	Absorption and Digestibility	Application Types	Molecular weight
 Native Collagen	Insoluble	None	Medical materials, collagen casings	100-350 kDa
 Gelatin	Medium	Low	Jelly desserts and confectionery	15-400 kDa
 Collagen Peptides	High	High	Nutritional supplements, functional foods	0.2-6 kDa

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FDI have confirmed that they can create a of human-grade native collagen (average molecular weight >100 kDa) protein powder from waste hides. This process is clean and green, utilises Australian technology and has resulted in an ACO certification for the organic collagen. FDI are currently seeking to scale and commercialise the bovine collagen. This method may be utilised for the use of ovine collagen as well, subject to a second Research Proposal (P.PSH.1347).

In 2020 in the United States alone, consumers were expected to spend \$293 million on collagen supplements, up from just \$50 million in 2014, according to market research firm Nutrition Business Journal<sup>2</sup>. Major factors driving growth of the global market include rising demand for dietary supplements, increasing adoption of collagen in the food & beverage industry, and growing inclination of consumers towards healthy and protein rich diets. At its core, the growth of collagen is fuelled by the consumer’s viewpoint that food is medicine and medicine is food<sup>3</sup>.

North American is currently the leading market for collagen and collagen products contributing to two thirds of the market share<sup>4</sup>. The presence of high-end manufacturing capabilities and a constant

<sup>1</sup> USQ Report. Valorisation of freeze dried bovine hide - A product quality examination and comparison. Multiple sources for molecular weight ranges.

<sup>2</sup> <https://www.webmd.com/skin-problems-and-treatments/news/20191212/collagen-supplements-what-the-research-shows>

<sup>3</sup> Organic Consumers Association “The True Content and Faces Behind America’s Best Selling Collagen”

rise in application areas have majorly contributed to the flourishing market of collagen. The demand for product with FDI's technical specifications and raw material and process attributes is not yet known and will be a key focus of this research project.

Focus for product launch is on the highest value products identified. These are collagen-based supplements and skincare.

As part of the commercialisation of the collagen, FDI have created a Certified Organic collagen health and skincare range. There are 5 x capsule supplements and 3 x skincare products. These have been launched domestically on Organic Collagen Australia's website – [www.organiccollagenaustralia.com.au](http://www.organiccollagenaustralia.com.au)

This product range can also be underwritten by 'conventional' or 'grass-fed' collagen, and simply branded/ marketed as such. Whether organic or conventional, both product ranges can be marketed as 'Free From', 'Clean', 'Green' and 'Pure'.

FDI now seek to investigate export opportunities and pathways for collagen sales into the USA. Certified Organic Collagen is classified as a Prescribed Good so will necessitate FDI to be Export Accredited under DAWE. Conventional collagen is classified as a Non-Prescribed Good so is legislated by Importing Country Requirements only. FDI will seek to further understand the intricacies of the two and present their findings to determine best practice moving forward.

FDI will then further investigate the ability to tap into the collagen capsules being marketed as a health supplement for people suffering from arthritis in addition to being marketed for the known general health benefits of collagen.

Government agencies such as Trade Investment Queensland (TIQ) and Department of Agriculture and Water Resources (DAWR) will be consulted to learn from their experience and knowledge and establishing best pathways.

The initial stages of the Research will also include a completed Results Chain Analysis on the export pathways/project.

## 2. Objectives

1. Identification of an established U.S consumer requirement for high molecular weight bovine/ovine collagen.
2. Completed Results Chain Analysis (RCA) to model benefit assumptions for the project
3. Employing an established Export Consultant to advise on the relevant legislative touch points
4. Researching and engaging Distributors and/or Agents
5. Researching and engaging International Logistics
6. Researching and engaging Domestic marketing in the USA – expos, agents, wholesalers
7. Creation of Digital marketing assets –Amazon 'stores', digital advertising, relevant collateral
8. Factory Fit out and Infrastructure to Food Grade Standards for Factory 2
9. Export Accreditation
10. Consumer research, testing and validation of the products post launch
11. Confirm potential customer markets, and possible areas for development
12. Present key findings, recommendations, cost benefit analysis and lessons learned in a final report

### 3. Methodology

Three different areas had to be explored to successfully export and sell OCA's products in the US.

#### a) US market research

In order to ensure that the products were suitable for the US market and to tailor the marketing messages appropriately, OCA engaged specialists to conduct consumer research on the US collagen market. OCA also showcased their products at expo's and with potential distributors and incorporated the feedback when necessary.

#### b) Export and US market requirements

The Food and Drug Administration (FDA) regulates both supplements and cosmetics in the United States. Their requirements are different than those of Australian regulating bodies and all packaging and marketing collateral needed to be updated accordingly. Furthermore, all the products needed to be approved for export to the US, in accordance with both Australian exporting laws and US importing laws.

#### c) Path to market

To access as much as possible of the US market, OCA aimed to make their products available both online and in brick-and-mortar stores. The pathways to access these retailers and the requirements of the company and the products needed to be mapped and evaluated.

## 4. Results

### 4.1 Export Requirements

#### 4.1.1 Prescribed Goods

Prescribed goods are goods that are regulated by the Export Control Act 2020 and the Export Control Rules. Examples of prescribed goods are meat, dairy and certified organic products.

When this project was initiated, OCA was under the assumption that collagen products would be classified as a prescribed good as it is derived from animal products. However, OCA has since been made aware that there is an exception for collagen products, and they are classified as non-prescribed (MiCOR, 2021).

As the finished OCA consumer goods are not certified organic, only the collagen and the liver itself, this also does not inhibit it from being classified as non-prescribed.

#### 4.1.2 Non-prescribed Goods

Non-prescribed goods are not subject to the regulations of the Export Control Act 2020 or the Export Control Rules. They can be exported without the involvement of the department.

#### 4.1.3 Importing Country Requirements

While non-prescribed goods are not regulated by the Australian government, they still must meet the requirements on the importing country. The requirements established by the American government are listed in the table below.



Table 1 U.S. importing requirements

<b>Requirement</b>	<b>Action</b>
All product labels must meet the guidelines outlined by the FDA.	OCA has created product labels unique for the U.S. market and hired a consultant to ensure compliance.
All food products must comply with U.S. food standards.	All the products have had microbial tests done to ensure that they are food safe.
All exporters must register with the FDA.	OCA have registered with the FDA.
All exporter must file a Prior Notice with the FDA before the product arrives in the U.S.	OCA cannot file a Prior Notice until the products are ready to be shipped but they have registered and have a product code which can be used when required.

#### **4.1.4 Legislative Requirements for Factory Outfitting**

As OCA's products are classified as non-prescribed, there are no requirements for the factory outfitting.

#### **4.1.5 Meat Processing Requirements**

OCA's products are classified as non-prescribed and not as meat products. This is given an exception for collagen based products and because only the finished goods are being exported. As such, no meat processing arrangement is required.

#### **4.1.6 Export Audit**

As OCA's products are classified as non-prescribed, there are no export audits to be conducted.

#### **4.1.7 TGA Approval**

Three of OCA's supplements are classified as therapeutic goods when sold domestically and have been registered with the TGA. The other two supplements are listed as food domestically, but have also been registered with the TGA for export purposes. All the TGA registered product have been approved for export. This does not change their status as non-prescribed goods.

### **4.2 Labelling requirements**

OCA has engaged KL&A Gates as consultants to ensure that the packaging and claims of OCA's full product range adheres to US regulation. Several changes have been made to the labels to make to products suitable for US export.

#### **4.2.1 Supplements**

Dietary supplements and their labels are regulated by the FDA under the Federal Food, Drug, and Cosmetic Act of 1938 (FD&C act). All supplement labels must adhere to the requirements laid out within the act.

Five statements must be included on the label:

- the statement of identity (name of the dietary supplement)

- the net quantity of contents statement (amount of the dietary supplement)
- the nutrition labelling
- the ingredient list
- the name and place of business of the manufacturer, packer, or distributor.

The prominence, placements and formulations of these statements are also regulated.

OCA's supplement packaging was updated to meet the requirements.

#### 4.2.1.1 Packaging changes for supplements

##### 4.2.1.1.1 Supplement names

The names of all of the products had to be changed in the US markets. Some of them were changed due to FDA regulations, and not meeting the daily value requirements to be allowed to make a claim about the nutrient. Others were changed out of cautiousness, since even though they didn't directly go against any regulations they were subjective and up to interpretations, which opens the door for lawsuits.

The word "Organic" in the product names was switched out for "Pure". This is because any product that falls under FDA regulations must follow the standards set out by The U.S. Department of Agriculture (USDA). In order to claim that a product is organic it must contain at least 95% certified organic ingredients. As the products themselves are not certified organic, OCA opted to not use the term. The new product names are listed in the table below.

Table 2 Supplement name changes for the US market

Australian name	US Name
Organic collagen – Natural Protein Bioactive Superfood	Pure Collagen – Full Body Support
Organic liver – B12 Energy UltraBoost	Pure liver – B12 Energy UltraBoost
Organic collagen & liver – Muscle Strength & Vitality MAX	Pure Collagen & Liver – Muscle Strength & Vitality MAX
Organic collagen & spirulina – Antioxidant PLUS Metabolism Accelerator	Pure Collagen & Spirulina – Antioxidant PLUS Metabolism Support
Organic collagen & strawberry – Beauty Brilliance + Folate & Vitamin C	Pure Collagen & Strawberry – Beauty Brilliance

##### 4.2.1.1.2 Health claims

The wording of all the health claims was changed to say supports or maintains (ex. supports healthy energy levels rather than reduces tiredness and fatigue). The FDA does not approve supplements and their claims in the US like the TGA does in Australia, as such all of the claims have to be followed by the statement "This statement has not been evaluated by the Food and Drug Administration. This product is not intended to diagnose, treat, cure or prevent any disease".

The US health claims for the supplements are listed in the table below.

Table 3 US health claims for OCA supplements

Product	US health claims
Pure Collagen – Full Body Support	- Supports healthy ligaments and joints

	<ul style="list-style-type: none"> <li>- Supports healthy muscles</li> <li>- Supports healthy hair and skin</li> </ul>
<b>Pure liver – B12 Energy UltraBoost</b>	<ul style="list-style-type: none"> <li>- Supports a healthy immune system</li> <li>- Supports healthy energy levels</li> <li>- Contributes to normal energy production</li> <li>- Good source of Folate and high in Vitamin B12</li> </ul>
<b>Pure Collagen &amp; Liver – Muscle Strength &amp; Vitality MAX</b>	<ul style="list-style-type: none"> <li>- Supports healthy energy levels</li> <li>- Supports normal immune system function</li> <li>- Promotes hair and skin health</li> </ul>
<b>Pure Collagen &amp; Spirulina – Antioxidant PLUS Metabolism Support</b>	<ul style="list-style-type: none"> <li>- Supports sugar and fat metabolism</li> <li>- Maintains energy production</li> <li>- Contains the antioxidant Vitamin A</li> <li>- Supports skin, hair and ligament health</li> </ul>
<b>Pure Collagen &amp; Strawberry – Beauty Brilliance</b>	<ul style="list-style-type: none"> <li>- Enhances skin and hair health</li> <li>- Maintains appearance of skin firmness</li> <li>- Supports healthy skin</li> </ul>

#### 4.2.1.1.3 Nutritional panel

The reference daily value requirements for each of the nutrients were updated those given by the FDA rather than the Australian values. The percentage of the daily value requirement for protein was removed as it would be considered 0, since collagen does not contain all essential amino acids.

#### 4.2.1.1.4 Other

The overall layout of the labels was adjusted to accommodate the necessary changes. The product no longer claims dairy free as it was manufactured in a facility that handles dairy and a toll-free American phone number was added as well.

The “Just Better” logos were removed as this was considered contentious. Since statements like “ethical” or “clean & green” are general claims that can be challenged, they pose a risk of both Federal Trade Commission (FTC) and private enforcement.

## 4.2.2 Skin care

Skin care labels are also regulated by the FDA under the FD&C Act. Skin care is classified as a cosmetic under the act (i.e. “a product, except soap, intended to be applied to the human body for cleansing, beautifying, promoting attractiveness, or altering the appearance”).

The FD&C act prohibits the marketing of cosmetics that are considered misbranded or misleading.

A cosmetic is considered misbranded if:

- labelling is false or misleading
- label does not state:
  - the name and address of the manufacturer, packer, or distributor
  - the net quantity of contents
- the required information is not stated prominently, with conspicuousness and in terms that it is read and understood by consumers under customary conditions of purchase and use
- the container or its fill is misleading

Factors that determine if a label is misleading are:

- Representations made or suggested
- Failure to reveal material facts:
  - Material in light of such representations
  - Material with respect to consequences resulting from the intended use

With this in mind, OCA’s labels were updated.

#### 4.2.2.1 Packaging changes for skin care

##### 4.2.2.1.1 Product labels

The same changes were made to all three of the product labels. The volume measurement has been changed to be listed in fluid ounces rather than millilitres. The lid says “100% Australian collagen” rather than “100% Australian” as the other ingredients may not be and a statement saying to discontinue use of the product if irritation occurs was added.

The website listed on the packaging was updated to [www.organiccollagenaustralia.com](http://www.organiccollagenaustralia.com), as an U.S. version of the website has also been created.

##### 4.2.2.1.2 Outside packaging

Each of the descriptions for the products were reworded though the same general claims were kept. The volume was changed to fluid ounces and the claim changed to “100% Australian collagen” rather than “100% Australian”.

The “Just Better” logos were removed for the same reason as for the supplements. All the ingredient claims were kept the same.

QR codes were added which link to the US OCA website.

The overall layout of the design was changed to allow for the necessary changes.

## 4.3 Consumer research

The US marketing agency created a report on collagen consumer research in the US for FDI. The focus of the research was on consumer behaviour when choosing a collagen based product. OCA has also spoken extensively with potential distributors and taken their feedback into consideration.

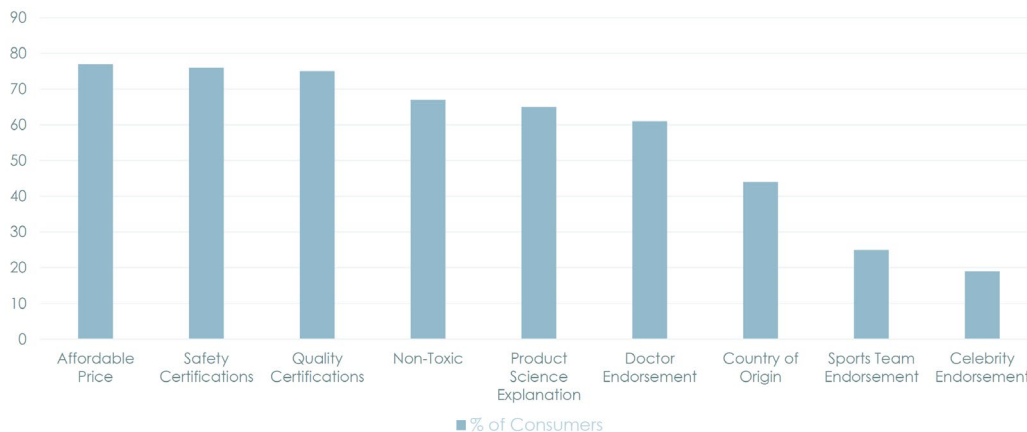
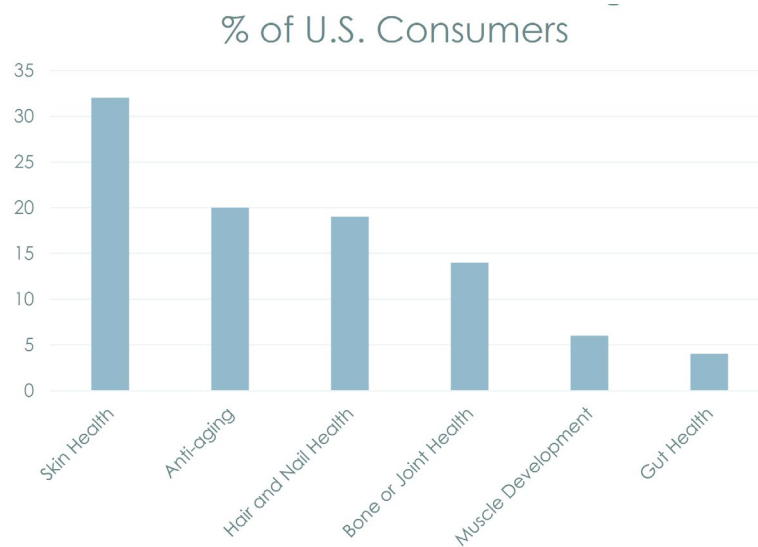


Figure 1 Collagen product statements and their importance to US collagen consumers

Affordable price, safety certifications and quality certifications were the top 3 reasons people stated for choosing a particular brand of collagen. OCA has several different certifications for their products including Halal, organic and animal welfare. OCA has tested their products for microbial contamination and heavy metals and found them to be highly pure. This should be clearly stated to consumers with independent certifications available to them to access when possible.

The price point of the products was found to be too high. One distributor said most of their skincare products retail for US\$30 – 40 and supplements go for US\$14.99 – 52.99. This distributor did think that certified organic collagen was a unique opportunity and charging a premium would be acceptable, however the price was still too high. Another one gave similar feedback, with the price point being a bit too high but the certified organic aspect being exciting.



*Figure 2 Reason for collagen supplementation among US consumers*

Most collagen users stated that skin health was their main reason for supplementing collagen. This fits well with OCA's current product range, both the skincare and the supplements. The bottom three reasons – joint, muscle and gut health – could open up the products to a whole new consumer segment. However, more marketing and consumer messaging about the benefits will be needed to achieve this.



Figure 3 Reasons US collagen consumers stated that they trust brands

Consistent quality and recommendations from health care professionals were the top reasons for consumer trust in brands. Since FDI is manufacturing most of the raw ingredients for OCA’s products, they can ensure that they are consistently of the highest quality. This also indicates that OCA should aim to market to health care professionals, possibly on boarding some as ambassadors.

It is important for OCA to get the quality of their product range verified by trusted regulatory bodies like the USDA. This is why OCA is working on getting the finished goods certified organic and not just the raw materials. Adding the USDA logo to the packaging would help build consumer confidence.

### 4.3.1 Application

This research largely confirmed the messaging already developed for OCA. It needs to first and foremost focus on the health benefits the products can deliver to consumers, with skin, nails and hair health being the most significant. Secondly, OCA needs to make sure to raise brand awareness and education around their hydrolysed collagen and the ways it is superior to traditionally produced hydrolysed collagen. This includes benefits regarding animal welfare, the environment, purity of the product and organic certification.

OCA has updated the price of their products based on the recommendations and findings. The updated price list can be found in Table 4.

Table 4 Update pricing for OCA's product range in the US

Product	New Price
Pure Collagen – Full Body Support	US\$40.00
Pure liver – B12 Energy UltraBoost	US\$32.00
Pure Collagen & Liver – Muscle Strength & Vitality MAX	US\$40.00
Pure Collagen & Spirulina – Antioxidant PLUS Metabolism Support	US\$44.00
Pure Collagen & Strawberry – Beauty Brilliance	US\$40.00
Renew Lip Mask	US\$50.00
Repair Cream	US\$59.00
Revive Serum	US\$49.60

## 4.4 OCA Marketing Plan



Figure 4 Pure Liver and Pure Collagen & Liver

OCA's marketing plan has been developed alongside experts including a consumer research company, a US based marketing agency and a digital agency.

### 4.4.1 Consumer Survey

A consumer research company has conducted a survey on behalf of FDI concept testing OCA's product range. The key concerns of the consumers identified were:

- **Price:** the price point needs to be competitive and affordable compared to similar products, though not too cheap as this would make them question the quality
- **Product performance:** consumer want a product that works and want to notice results rapidly
- **Multi-benefits:** consumers really appreciate collagen supplements that also integrate other benefits (e.g., collagen + protein), collagen + vitamin C, etc.)
- **Naturalness:** consumers are looking for the most natural, sustainable and ethical product possible
- **Taste:** consumers want an absence of taste in the case of powders and supplements
- **Ease of use:** consumers want tablets that are easy to swallow.



These findings are similar to those found by WMT in the concept testing brief previously provided by MLA, where a different collagen product was tested by US consumers. They also thought that an absence of taste was important and were highly concerned with animal welfare and sustainability. They also said that they would pick an organic collagen product over a non-organic product, but only if the price was competitive.

This confirmed OCA's marketing message and informed how it will be communicated to consumers, both domestically and in the US.

#### 4.4.2 Marketing Strategy



Figure 5 Renew Lip Mask, Repair Cream and Revive Serum

Based on previous learnings, OCA has teamed up with a digital agency to create a marketing strategy for OCA. While the agency will be handling the domestic market, the same strategy will be used in the US.

#### Target market

OCA's primary audience comprises health-conscious consumers, encompassing women and men of all ages who value natural, high-quality products. These individuals are focused on enhancing their health and well-being and are influenced by organic, eco-friendly products.

#### Marketing Objectives

- Amplify brand awareness within the targeted demographic.
- Increase lead generation and sales conversions.
- Develop a strong, loyal customer and affiliate base.
- Position Organic Collagen Australia as a leading brand in the US collagen market.



## Marketing Strategies

- A focus on user generated content to enhance consumer trust and engagement
- Focus on influencer collaborations to enhanced reach and credibility to cost-effectiveness and market insights
- Create informative and engaging content across social media platforms, websites and newsletters
- Explore partnerships with health and wellness centres and organic stores
- Utilise platforms like Instagram, TikTok and Facebook to enhance visibility and engage with the audience
- Optimise the Amazon store front to enhance organic search visibility, focusing on keywords related to health supplements and collagen benefits
- Implement targeted ad campaign across social media platforms and Google
- Launch a program to motivate bloggers, influencers, and customers to promote our products
- Establish relationships with health and wellness journalists and bloggers for positive coverage, leveraging PR for product launches and events.

### 4.5 OCA US representation

Three key roles for US representatives were identified – sales agent, distributor and third party logistics.

#### 4.5.1 Sales agent

In order for OCA to onboard suitable distributors, it was necessary to implement a sales agent on the ground in the US. It took longer than expected for OCA to find a sales agent that understood the products and could effectively sell them. In June 2023 OCA signed a contract with their current sales agent.

#### 4.5.2 Third party logistics

As the distributors in the US don't warehouse the products, it was important for OCA to find a third-party logistics company (3PL) who could warehouse the products, keep inventory, and fulfill any orders. Unless you have a domestic 3PL, large distributors are not interested to onboard your products.

Through their sales agent, OCA enlisted their 3PL in the US in October 2023. This had the added benefit that they could operate OCA's online Amazon storefront locally.

#### 4.5.3 Distributors

Most of the large US retailers have set up supply chains and will only buy products through certain distributors. OCA identified three key distributors as being of particular interest. After discussions with all of them, in March 2024 OCA ended up forming a partnership with one of them, who will now distribute their products nationally.

## 4.6 Sales

### 4.6.1 Amazon store front

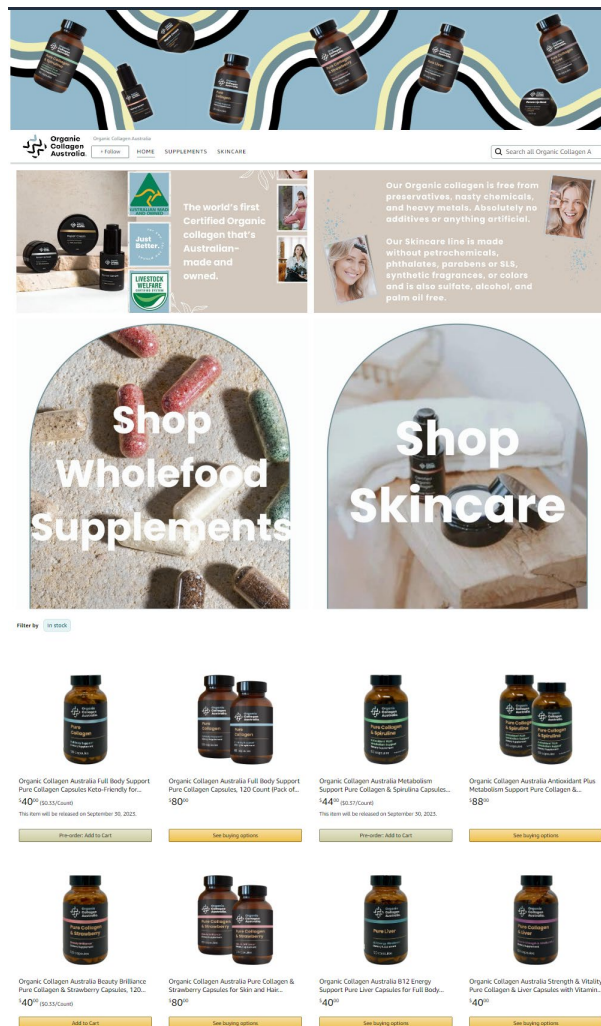


Figure 6 Screenshot of OCA's Amazon storefront

OCA has launched their products in the US through an Amazon store front. The store front is being managed by their 3PL. While working out the sales channels in the US, no marketing efforts have been conducted to support the Amazon store hence sales have been slow. Once OCA is more established, the necessary marketing effort will be put in to drive consumer awareness and hopefully sales.

The 3PL will also run OCA's shopfront through the OCA US website, which currently being built in Shopify.

### 4.6.2 US stores

The distributors put in their first order in March 2024. They ordered products to both their East and West Coast distribution centres. The products ordered are outlined in the table below.

Table 5 Current sales through US distributor

Product	Units
Pure Liver Capsules	192
Pure Collagen with Liver Capsules	192
Pure Collagen Capsules	144
Pure Collagen with Spirulina Capsules	156
Pure Collagen with Strawberry Capsules	156
Revive Serum	216
Repair Cream	192

Receiving and fulfilling the first large scale order from a US distributor is a large milestone for OCA. The distributors will sell these products into several large, well-established retailers.

## 5. Conclusion

The findings of this project have shown that the opportunity for certified organic Australian collagen peptides is significant. Getting the products export ready required no changes to the actual manufacturing which was a nice surprise.

However, getting the right partners in the US to warehouse, sell and distribute the products proved to be more of a hurdle than expected and took significantly longer than planned. OCA is now confident that the right partnerships have been established, and they are already paying off as the first large distributor order came in early this year.

### 5.1 Key findings

The key findings from the project are:

- OCA's certified organic collagen peptide-based products are highly suitable for the US market
- OCA's product range is classified as 'non-prescribed goods' for export purposes
- Establishing a domestic 3PL and distributor is essential to enter any of the large retail chains
- The findings from this project have enabled OCA to sell their products nationwide in the US.

### 5.2 Benefits to industry

By commercialising FDI's organic collagen peptides and offering these products directly to consumers, OCA is opening up a whole new sector for the Australian red meat industry, as there currently is no local collagen industry. Through this project, exporting collagen products to the United States is creating a much bigger market and further brand Australia awareness overseas.

There currently are no other certified organic collagen peptides available anywhere in the World, so this ties Australia to high quality, clean and green products in consumers' minds. US consumers already have a positive impression of Australian goods, which this would only further benefit.

As OCA's collagen peptides are derived from bovine hides, this also creates a larger, higher value market for what is considered a 5<sup>th</sup> quarter product. OCA has plans to next expand into ovine collagen, creating even further benefits for the broader Australian red meat industry.

## **6. Future research and recommendations**

No further research is needed immediately for this project in terms of product-market validation. Now OCA only needs to capitalise on the work that has already been done, which is already demonstrating promise. As OCA's products are now available to consumers through a range of different sales channels, OCA needs to focus to raise consumer awareness of the brand and the products via considered sales and marketing efforts.

Refinements and operational advancements that improve yield and capacity to manufacture as well as procure Australian hides will continue in house.