

**IDF World Dairy Summit
Melbourne, November 2004**



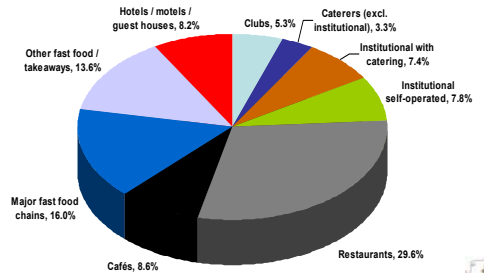
**Foodservice Channels –
An Expanding Market for Dairy
Products**

*Presented by Dr Sandro Mangosi,
Senior Consultant
BIS Shrapnel Pty Ltd*

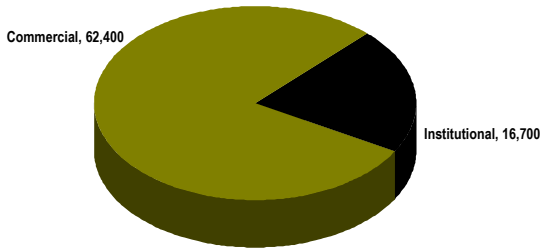


**Australian foodservice market at
consumer prices, 2004**

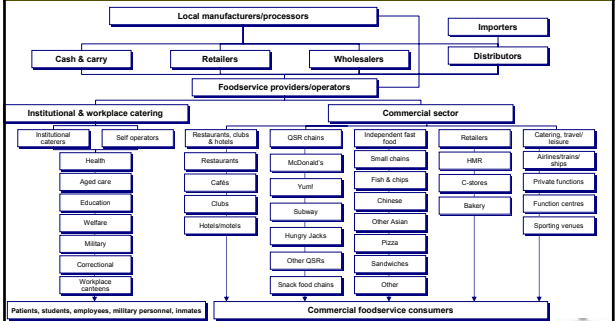
Total value = A\$29.0 billion



Australian foodservice channels



Australian foodservice market channels

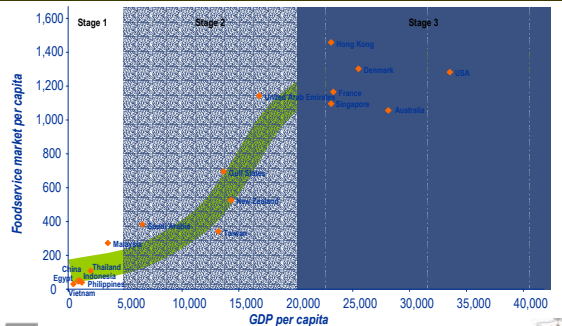


**Australian foodservice market at
consumer prices, 1996-2004**

A\$ million



**Per capita GDP and foodservice
expenditure in selected markets (US\$)**



Evolution of foodservice dairy markets

Stage 1
Emerging

Focus on Education
Primary target: Children & Teens

Stage 2
Developing

Focus on convenience and lifestyle
Primary Target: Young Adults

Stage 3:
Developed

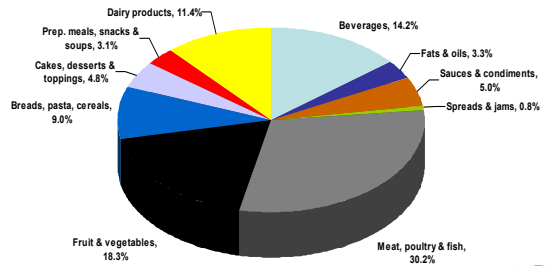
Focus on Innovation
Primary Target: Adults

Too many people in the Dairy Industry are totally preoccupied with volume throughput and scientific issues and lose sight of consumer and foodservice operator needs

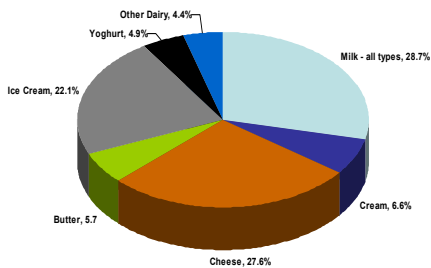


Australian food and beverage purchased by foodservice outlets

By product category (percentage of total value at wholesale prices)



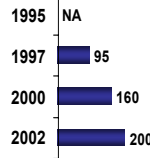
Dairy products purchased by foodservice channels (at wholesale prices) = A\$1.2b



Coffee – Number of Purchases (million)

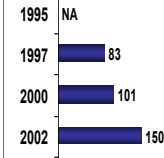
Flat White

Number of Purchases (million)



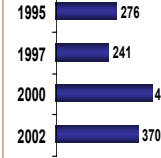
Café Latte

Number of Purchases (million)



Cappuccino

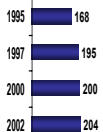
Number of Purchases (million)



Milk Drinks – Number of Purchases (million)

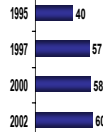
Flavoured Milk

Number of Purchases (million)



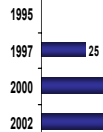
Thick Shakes

Number of Purchases (million)



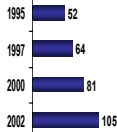
Smoothies

Number of Purchases (million)



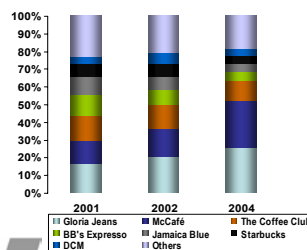
Ice Cream (traditional)

Number of Purchases (million)

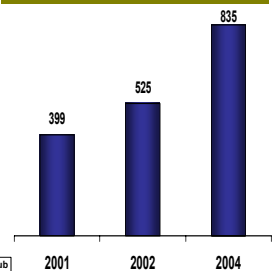


Café chains

Café chains



Number of café chain outlets



SWOT analysis of the Australian foodservice industry

■ Strengths

- ▶ Growing faster than retail
- ▶ Diversity of points of sales

■ Weaknesses

- ▶ Fragmented market
- ▶ Complex and disorganised supply chain
- ▶ Fragmented and disorganised distribution

■ Opportunities

- ▶ Sustained growth forecast to continue in the next five years
- ▶ High development potential for new products and markets
- ▶ Industry consolidation leading to better profitability

■ Threats

- ▶ Limited understanding of the sector by senior management
- ▶ Profit margins under pressure due to increased competition and a more demanding customer base