

Chasing the dragon

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Nigel Bowen

Three Aussie businesses are storming the Chinese market - all from their laptops.

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Carolyn Palliardi: targeting the teenage male market, a much larger group in Asia than Australia.

We've had the mining boom and are in the early stages of the "dining boom". But it's not only resource-sector multinationals and agribusiness behemoths that are poised to siphon off a fraction of Asia's exploding wealth; small to medium-sized Australian businesses, some without so much as a local shop or office to their name, are increasingly gunning for a piece of the action.

Dr Gary Gregory, a senior lecturer at UNSW's Australian School of Business, reels off a series of startling statistics when asked to quantify just how big a market Asia will soon be.

"By 2025, China's middle class is expected to number 520 million and India's 600 million. By the end of this decade, 60 per cent of Indonesian households – 250 million people – are expected to be middle class. By 2030, it's estimated 66 per cent of the world's middle class will be located in the Asia Pacific."



Howard Jarvis has been selling to Asia since 2010.

And what will all those newly cashed-up Asian consumers be in the market for? "Financial services, insurance and luxury goods to name just three of the biggest growth areas," says Dr Gregory. Especially in China, the Asian population will be growing older and continuing to crowd into often polluted megacities and Dr Gregory predicts "there will also be lots of opportunities for SMEs in the healthcare field, as well as those marketing green products and services".

Carolyn Palliardi figures it takes blood, sweat and tears to crack any market, so you may as well concentrate on one with one plenty of free-spending consumers. "I'm trying to export premium Australian skincare products to Asian consumers at the same time Australians are overwhelmingly opting to buy cheap skincare products imported from Asia," says Palliardi. "My brand, 808 Dude, is aimed at males aged 10-16 and unfortunately there are only 1 million of them in Australia. It's as hard, arguably harder, for a small brand to be successful in Australia as an Asian market, so why not concentrate on making it big overseas in an age where the internet has created a global marketplace?"

The freshly-minted Asian bourgeoisie is keen to signal it has moved up in the world, providing plenty of opportunities for SMEs selling status symbols.

"Mass-produced French perfumes aren't highly esteemed by Asian consumers," notes Bud Parfums founder Howard Jarvis. Jarvis has been selling his product, hand-made in his Warburton perfumery, to Asian consumers since launching his business in 2010.

"We always planned to target Asia and it currently accounts for 10 per cent of our sales," he says. "Independent perfumes made from natural ingredients are highly regarded in the region – wearing a custom scent makes customers feel special and gives them bragging rights."

Ron Bensimon's plans to disrupt the jewellery industry with the eponymous company he launched in late 2012 always included a big focus on increasingly bling-hungry Asian consumers. "Around 15 per cent of Bensimon's customers come from Asia, predominantly Hong Kong and Singapore," says the Melbourne-based jeweller. "Our business model revolves around cutting out middlemen and allowing customers to go online to purchase the jewels they want. Asian customers have thus far proven more willing to transact online than Australians."

Of course, there are also plenty of gaps in emerging Asian markets for those peddling more prosaic wares. AstraZeneca, one of only a small number of global pharmaceutical companies manufacturing in Australia has experienced what it describes as "exponential growth" over the past five years by selling respiratory medication to smog-afflicted Asian consumers.

"It's not widely recognised but Australian pharmaceuticals generate more export income than either the wine or automotive industries. In 2012, for example, they brought in \$4 billion," says AstraZeneca's spokesperson.

"Most of our growth has come from Japan and particularly China, where the government has poured \$US125 billion into the healthcare system in recent years. AstraZeneca is selling respiratory treatments in China, which allows access to the emerging middle class of newly diagnosed patients. And only 8 million of the 95 million Chinese who suffer respiratory issues are currently being treated."

The success of AstraZeneca's Australian operations is grounds for optimism that Australia can be more than Asia's quarry and food bowl and that lucrative opportunities abound for enterprising Australian businesspeople from a wide range of industries. While Asian consumers differ in some respects to, say, Australian ones, cracking an Asian market is essentially no different to cracking any other one. Find a group of consumers with a problem then offer them a solution and you could strike it rich.

Very, very rich indeed.

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