

Helen interviews Bellamy Organic CEO on global growth

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Hello, and thanks for joining me ... This is the podcast called Bisnis Asia Insight.

I'm Helen Brown, and in this episode we're talking to the chief executive officer of Bellamy's Organic Tarsi Luo.

She took over the role in 2020 and in the process became something unusual in Australian, and even western, business - She's young, under 40, female, and a CEO of Asian heritage.

Bellamy's currently trades in four countries in Southeast Asia, Singapore, Malaysia, Vietnam and Indonesia and you generated revenue of 200 million dollars in 2021. It's best know for its baby formula, but the company also produces baby cereal, savoury meals and snacks.

Tarsi Luo has plans to build on this through global growth and says you can't just go in and sell food and beverages in Asia without understanding the culture.

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They won't open heart with you. And once you don't have the transparency or the trust, you'll find a lot of barrier at the everyday operational level"

Tarsi Luo also shares her thoughts on e-commerce, the value of halal certification and the razor focus she puts into new overseas markets.

Helen Brown

"... A prominent CEO in the Australian business scene and someone who has risen quickly through the ranks, but I suspect behind that is a lot of hard work and a lot of learning. Why were you able, do you think, to make such an impression and rise to the role of CEO in what some consider a very short period of time?

Tarsi Luo :

I immigrated to Australia back in 2016, so about six years now. I started my first job as a sales rep for Lion Dairy and drinks. I remember the days of working through the aisles in the milk bar, so very, very interesting. But I think the key for me to really get to where I am today is all about being curious and really trying to learn different things. My first mentor, I would say, my sales manager at that time tells me, "When you are looking through a

fridge and you only got seven seconds to pick your product. So what can you learn to grab the consumer in seven seconds would make your product stand out or different?"

I always keep that mindset in terms of every role that I go in or whether from a development perspective or sales marketing perspective. I always looking at, "Well, what does that seven seconds mean to make my product that I presented to the consumer differently?" So I think that's one of the really important component for me. The second is all about really know where you play where your strengths is at. Be a little bit, I guess, agile about where you wanted to be. So beyond the job's description or the scope a little bit trying different areas and keep moving, driving to that destination or the objectives that you want to achieve.

Helen Brown

How difficult is it to have that discipline to be very clear about what your focus is, because you also would have to change it at times as well too, wouldn't you?

Tarsi Luo

It is quite challenging, to be honest. So one of the examples I would say, it's challenging when I was doing exporting at the time is which market you're going to because if you look at the map for Asia, you want to go every single country, but having that discipline to know your product and understand the market data and really be focused, I would say laser focused on exactly market that you want to go in and go deeper, go harder, finding the right distribution partner and really go, even though you put different challenges. And how do you overcome the challenge and still going forward with that.

Helen Brown

What impact do you think you've been able to have with your different roles by having that cross-cultural skill? Your Chinese background, Australian business, you can obviously operate between the two cultures. How important do you think that has been for your professional life?

Tarsi Luo

For my past, I guess, six years, it's been really helpful and been really beneficial, especially for FMCG brand. In the past six years, everybody probably know the daigou trend and it's a phenomenal behavior, phenomenal things happened, so a lot of Australian brand benefited that and I was one of the lucky one. So being able to bring that knowledge, the deep China knowledge and to really help Australian brand exporting so really helped my career professionally, but also I use that knowledge to help bring the China knowledge to here also is helpful as well.

Helen Brown

How well could an Australian business develop that cultural competency? Do you need to have someone from the country, your target market, so to speak, working in the team or have that knowledge or is that something you can develop yourself?

Tarsi Luo

That's a really good question. I think both way works, obviously having people from that culture I would say would be my top choice, because I'm always a believer that people in that culture knows the best. The buying behaviour, the trend, the product trend is going. So definitely that's my priority or my option. However, you can learn the culture if you're open to that. What I found difficult is a lot of people doesn't want to learn or have a very little interest of learning, feel like they already know what's the best in their opinion, so it's quite difficult for them to open and be humble and learn and be also transparent of learning as well.

Helen Brown

That's really interesting that you say that word humble because it does take a certain level of being humble to put yourself in a position where you're willing to learn about a different culture. Without naming name, do you have any examples of what you've seen happening with an Australian company trying to step into a market in Asia and just not realising that maybe there's some learning that needs to be done?

Tarsi Luo

Definitely. I feel like some of the companies, they're probably very successful in Australia and they know their market, they know the consumer well, they know their advantage or what would I say case selling point, so they feel like they can bring the same benefit to the rest of the world. I found that quite difficult. Maybe they're successful in some markets. Some market very sophisticated like Singapore or the US could be quite simple. Wouldn't say simple, it's quite similar. That's the right word. But in Asia, in China, Vietnam or different countries, or Malaysia, they have a very strong culture, so they are very different in terms how they trade and how their behavior, where they shop. They usually shop from the people they trust and they usually believe on the word of mouth, so rather than big advertisement. So I felt if you bring the same mindset and bring that without really understand the local culture, you usually will have failure. Use as example, Bellamy back in 2016, it was all over the news, ignored a lot of the daigou, which just went straight to the platform, the share price dropped significantly because that ignorance.

Helen Brown

You were talking about Malaysia, Vietnam, et cetera, how they're different markets. When it comes to doing business in those countries, do they conduct their business differently? Does Vietnam conduct its business differently to the way Malaysia does, to the way that Singapore does?

Tarsi Luo

I believe so, and I think it depends on your category as well. So obviously consumer care or cosmetics or baby formula would be different ways of play and where obviously would sell quite differently. But I've noticed that in the past three years, during the COVID period as well, the e-commerce has changed. The way how Malaysia does e-commerce and how Vietnam and China was changed so significantly, rapidly growth. The way how their logistics and the payment system, even the buying behavior where shop is changed. And it's just so much we can learn from them and we can have so much great story from them in how do we really tackle. I would say, for example, in China before COVID, you buy from WeChat group, now you buy from flagship store TMall, so Alibaba. And then now they change to TikTok, so everything makes so easy. It's all video now. So Malaysia could be the similar situation. Before COVID, there was a lot of sales on Facebook groups. So now you have Shopee, Lazada. So it's interesting change, but I just feel like we haven't catch the right [inaudible 00:08:48] of learning. How do we really tackle that area? How do we be humble? And back to the point is, how do we really learn the success to that market? How can we go deeper and really partner with the right distributor to understand their system working? I think that's a key to success.

Helen Brown

I feel like sometimes e-commerce is put forward as the solution because, hey, it's just online, so you don't have to make as much effort. You don't have to go into the market. You just have to find the right platform, brand your product or package it in a way that looks visually or digitally attractive, and then that's a lot easier. Is that a bit of a fallacy?

Tarsi Luo

That's very interestingly, e-commerce's word would mean different things for different people. We had a session last week, just internally we had a discussion about e-commerce. Because when I talk about e-commerce strategy and people talk, there's feedback that e-commerce means your own website, has different .com or .cn. Or some people say e-commerce means Amazon. And then some people said e-commerce means everywhere going to different platform, there's tons of website that you can sell. So everybody's e-commerce translate to

different things, let alone how you invest in those different sites. I find e-commerce actually cost you more money because to get traffic to whether which platform, whether it's TikTok, whether Instagram or Facebook or your own website, it takes a lot of effort to actually bring the traffic to your website, to the platform that you play on. And then you need to measure how long they stay on there and how attractive your picture is. Do you have a video that is really, and then what would make them stay and how do you convert them? And sometimes, now you bring to a new topic of omni channel, right? So you probably play everywhere and then convert some sites. This actually costs the business more money. I found it's actually the offline channel is quite simple now, compared with online.

Helen Brown

That's really good insight to see that change and that understanding of how much it actually costs your business, that would be integral if you're going to make a successful business now. Following on from that, I'm wondering, this is slightly contentious question. How well equipped is Australian business or western business? Let's say, the US, UK, New Zealand and Australia, how well equipped are they to really get growth from a market in Asia or even the Middle East? In a country with a culture that's very different from them, do you think there's a tendency to give up too quickly?

Tarsi Luo

It's a very hard one. Each category probably different scenario. For us, baby formula is quite difficult to enter market, so costs us about average 200K to 500K to enter one market to tick all the boxes of a regulatory requirement. Not only just the money, it's the time. The effort, the paperwork that we have to put in. So the timeframe will be somewhere between 12 months to 36 months. So for us, it's too hard to get in, let alone to say give up. So that's why to plan where we wanted to play is critical to our business. So we're probably going to spend more time in terms of really understand the market, the data, the competitor, the consumer, and then really make solid decision whether we're going to go in or not. So that's for us. But if we talk about consumer care or cosmetic, probably a very different game because they're maybe easier on regulatory maybe, but I suspect the money at the front is similar.

It's very similar. And also it's really, how would you measure success? Because if you think about, well, I'm entering on half a million cost, if I can make that market to be a 5 million market, then that's success to me. So I guess every business could be measured differently. For China, if you think a hundred million business is successful, probably going to cost you more to actually get there. But once you take that revenue, then there's more invest required. So you're probably looking at loss, even though the top line or revenue is really high. Again, each market investment model, trade model is different, so very hard to say what success means to each company.

Helen Brown

That's a very fair answer. Thank you. Part of the change you've made at Bellamy's is to have a global focus with your people, shifting from, say, a country led strategy to something where you have a team that has a global mindset or a strategy. Can you just explain what changes you've made to create this in your people and operationally?

Tarsi Luo

It is quite challenging. Let's put in general context, a lot of people don't like change. That's fair. So when we have a humble Australian business, we said, "Well, let's become an international global business." Yes, we've done China. We did really successful in China. We were the first number one organic, but beyond Australia and China, let's say we wanted to tackle Middle East or US or Southeast Asia, then we really should be carefully about our product range. The supply chain, the way how we design the product will be changed because very sole example about halal. So in Malaysia, Indonesia, if you want success in that market, you have to be halal certified to be

able to sell dairy products, to actually go most market share. But then when we design our product, we actually put that component into our designing. So that's a total supply chain ingredient change.

Tarsi Luo

So that's, I think, the first challenge. And then really understand how do we be successful in that market? Do we just over label? Most products just over label a sticker. And then that's a quicker way to get it, but then if you want to win that market, is that really the best experience for consumer? Because a consumer would love to see a product have their own language rather than over sticker English label or a translated label. So I think that's the second change we are looking at. How do we enhance our experience to the consumer and how do we really win that sustainable business for the long term? So that's from the supply chain perspective. And from people perspective, it's really also having that mindset that we're no longer just Australia. So it is a big change for us from a made in Australia, proud made in Australia, to Australian origin.

And how do we bring the best of Australian ingredients Australia made, then really tell the world of how proud we are, then turning to the case selling point, then really convert organic and then translate to different languages and also bring that advanced thinking to that market, and then through sales and marketing tools. So that requires a lot of effort. For team building we hire, I guess, local talent we start from a very small business and then grow quite rapidly as well in this difficult, challenging time. Sometimes it's hard as a business, as a CEO role, you think about, "Well, do I investment first or do I make money first?" So those chicken egg questions. It's also another challenge.

Helen Brown

And I suspect also another challenge is if you look at the markets you operate in Southeast Asia, Singapore, Malaysia, Vietnam, Indonesia, what's one of the biggest lessons you've learned from going into those culturally different markets?

Tarsi Luo

We were there for many years, but we haven't really go hard on e-commerce. I think that's the learning that we should, if we want to grow the business, we really need to be focused and really understand where we play. Do we want to play in grocery or do we want to play in pharmaceutical channel? Do we play premium? Because I think most people or most company just go in to the market and work with distributor and listen to what distributor recommend. Sometimes would work at the beginning, but the longer you stay in that country, the more question you'll gather, right? So you'll think, "Well, I'm not growing double digits. Why is that?" Now we are in the facing of understand the why. Sometimes it's simple as distribution. Just review the term conditions, sometimes really to say, "Well, because we just haven't ticked the box on Shopee or Lazada. Do we really want to do it? Is that going to create more trouble rather than bring more revenue?"

Tarsi Luo

Those are the questions we ask ourself every day because we can go on e-commerce. We can start [in] have more pop shops on the Lazada website. But what that means for our distributor is that means more pricing competition. So I think it's really getting to know where we sit as a brand, our uniqueness, our unique position, and then marry with the distributor, have the right strategy, and then understand our consumer better, would be my recommendation.

Helen Brown

You also like posting on LinkedIn and sharing your insights, which is great. And one of those was a headline called new frontier or cross border commerce. And in that, you wrote about going into different countries in Southeast Asia. And you said that the secret isn't actually not that big a secret, it's getting to know the people and the culture. Why is that so important to you?

Tarsi Luo

From a Asian background myself, Asian people most of countries like China, Vietnam, Malaysia, and Japan doing trading, building on trust. Very, very strong trust. If you don't have the trust, you come in with a brand, it's very hard for you to do trading in that country. So I guess it's back to the question, if you want to play harder and successful in that country, you have to build that trust. You have to understand their culture. Without that attitude or humble or the approach to really wanting to learn, they won't share.

They won't open heart with you. And once you don't have the transparency or the trust, you'll find a lot of barrier at the everyday operational level. So I think that is essential to have those trust to really understand. Once they do have the trust with you, so Japan would be great example, with the trust, they'll totally bring the assets for you. They'll tell you where to play, which distributor you should work with, which retail you should go to. What is your brand? They'll do everything for you. They'll actually genuinely want your brand success. Whilst if you treat them as just, say, well trading, and then you are not going anywhere. You're probably just very basic success.

Helen Brown

And final question. Any favourite podcast, book, person that you follow? What gives you the inspiration?

Tarsi Luo

Recently, I start to read this book one of my friends recommend. Good to the Greatest. I think that's the book called. Quite interesting. It's very data driven. I think it's good learning for me as well because you can see the difference. Every business coming from a different perspective and mindset that actually cause leading a different results. It's very interesting. I would recommend people to actually start reading that as well.

Helen Brown

Excellent. We'll add that to the book list. Thank you so much for your time today, Tarsi. It's been wonderful to talk to you.

Tarsi Luo

Thank you. Thank you for inviting me, Helen.

Helen Brown

That's Tarsi Luo, the CEO of Bellamy's Organic.

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