

Dairy board milks Chinese market

The Irish Dairy Board is pushing butter and cheese in China, despite local antipathy to dairy products

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WHEN Karl Long noticed the Chinese passenger beside him on a flight from Amsterdam using chopsticks to eat his pat of butter for dessert, it brought home that his new job flogging Kerrygold to the world's biggest nation may prove challenging.

Beijing-based Long is the Irish Dairy Board's representative in China. His mission: to help carve a niche for Kerrygold butter and Irish cheese in a market whose 1.3 billion-strong population has long been widely believed not only to be unfamiliar with dairy products but to be lactose-intolerant.

"It's very, you might think, even though the dairy board is working with local Chinese distribution partners. But Kerrygold, or 'Jin Kai Li' as its required Chinese labelling dubs it, made its first Chinese signing in January. And Long claims to be 'quietly confident'.

In the kitchen of the Radisson-managed Tianhong Plaza Hotel, Beijing, Irish executive chef Adrian O'Hertly (left), was one of the first to take on the Kerrygold brand. He will be using it exclusively.

"We were using Australian or New Zealand butter before this and there is no comparison," he says patriotically. "The Irish butter is streets ahead. It's a deeper colour and you can smell the butter."

O'Hertly expects most Kerrygold consumers to be expats, but also believes butter pastries will be a big seller to Chinese customers. "The Chinese absolutely love pastries, and will eat pastries



Adrian O'Hertly (left), executive chef of the Tianhong Plaza Hotel in Beijing, was one of the first to take on the Kerrygold brand in China and believes buttery pastries will be a big-seller in the country

Kerrygold will feature. Others include the ambassador's reception on the day itself and the gala St Patrick's Day Ball this Saturday.

At the exclusive Chang An Club in Beijing, where annual membership costs between \$80,000 and \$100,000, Kerrygold will make its debut on Wednesday. Thank Iona Technologies co-founder and Sinomania Chris Horn. Among the activities of Sli Siar, the consultancy backed by Horn and run by former Iona China chef Nicole Bernard, is advising Chinese businessmen on the "finer things" in western life, while promoting Ireland as a tourist destination.

"They are holding an event for those they consider the crème de la crème in Beijing - people who have made millions in construction - and have asked Kerrygold to provide products," Long says. Step up to the plate Barney

and Dubliner cheeses, red and white cheddar, cheddar spreads and mozzarella.

The dairy board does not have debates about replacing the noodle bowl with bread and butter. Though China is the world's biggest producer of milk powder, and also imports milk powder, average milk consumption per head is 18kg, compared with around 200kg in the EU. But the hope is that there is a niche market there for the taking.

Cheese and butter are premium products and the target customers are a mix of expats and affluent Chinese. For others, Kerrygold would be unaffordable anyway. A bowl of rice might typically cost 1 yuan. Buying a block of Dubliner cheese (or Du Bu Lin Ren) would require forking out up to 29 times that amount. Half-a-pound of Kerrygold butter costs 18 times as much as a rice bowl.

Many Chinese people will only have seen cheese in fast-food restaurants. The hope is that the wider market may be attracted to mozzarella, which they see in pizzas, and Kerrygold singles, which look familiar from McDonald's burgers. Kentucky Fried Chicken, McDonald's and Pizza Hut are cutting a swathe through China, trying to change the tastes of the younger generation. Getting out the message that cheese is not just about fast food will be important, Long says.

"The Chinese are becoming more health-conscious in the run-up to the Olympics. We want to connect cheese with healthy living."

Among the messages he will be trying to get out is that cheese can prevent tooth decay. Cheese recipes will also be promoted - "cheese dumplings, cheese cake."

Apart from the taste chal-

lenge, Kerrygold faces competition. Australian and New Zealand brands have been most active in China, but France has been pushing in and Denmark has also been having a shot. Nonetheless, Long says Kerrygold has been getting a good reaction.

Over the past couple of months, Kerrygold has made it into upmarket shops, including Beijing's Jenny Lou chain specialising in imported goods, whose 10 branches are honeypots for expats. The brand is also in Shanghai shops including Jenny Lou's equivalent, Pines.

The target is to make it into 40-60 Beijing shops by June. Among outlets the dairy board is talking to are Carrefour, Metro and Tesco. Long has also been talking to other executive chefs in five-star hotels. "They say there is a serious lack of good European cheddar."

Pat Ward, brands manager with the dairy board, is keen to stress that hopes for China are limited. The launch is "embryonic", with no media advertising planned for now at least, he says.

The foray into China is part of an ongoing expansion push. Kerrygold was recently launched in Australia, for example, in a bid to take on that strong dairy-producing market at its own game.

With €20m spent around the world every year on promoting Kerrygold, and annual sales now around the €300m mark, the bulk of marketing money goes to the big spend markets. Key among these are Europe and the US, which delivered annual growth of 30% for several consecutive years before slowing to 20% last year.

"We have to be very careful in trying our expenditure to the market in terms of the potential," Ward says.

Judging by Wei Tao Cui's feelings, the softly-softly approach is a reasonable one. He may be happy to host this week's cheese night, but he won't be sampling any himself - "I still can't eat it. It is something about the taste."