



SMART FARMING

Going back to the good old days when milk and bread were delivered to your doorstep, William Scott and Graham Adams of *Aussie Farmers Direct* are using a successful franchise model to deliver locally-grown produce at supermarket prices.

"The idea came to me that consumers will go for the 'old fashion' milk and bread delivery if they know that it supports the farmers and the profits stay in Australia," said *Aussie Farmers Direct* Co-founder, William Scott.

"We talk to the consumer's everyday about a wide range of issues. Out there in the suburbs, consumers will pay for fresh milk and bread if it sells at the same price that the supermarket charges," William adds.

"By cutting out the middle man, we can sell direct and cover the delivery cost."

William teamed up with milk industry veteran Graham Adams who also saw the vision for this revival of an old concept.

"Nearly 85% of all groceries that people purchase each day in Australia are made from foreign owned companies. Interestingly in countries such as Japan, 85% of their groceries are made from Japanese companies," says Graham.

"There is a huge demand for consumers to purchase locally made products if they know that the profits will stay in Australia and help the local farmers," he adds.

Aussie Farmers Direct works on a franchise model where owners are given a territory and the company provides

them with the leads, sales back-up and billing and collection of the money.

William makes the point that, "The business model is simple, and that's why it works. There are no contracts to sign. The consumers pay as they go and we provide the entire back-up for the franchisees."

In Australia, the major suppliers of milk are *Pauls* which is owned by *Paramalate* and *Pura Milk* which is owned by *San Miguel*.

"These foreign owned companies have huge marketing power and provide thin margins to the dairy farmer," Graham iterates.

"With *Aussie Farmers Direct*, we source our milk from the *Warnambool Cheese and Butter Factory* which is owned by over 600 dairy farmers. Because we buy direct, the farmers can reap a higher profit and we can deliver their product at the same supermarket price and everybody wins," adds William.

In the 1960s, over 80% of all milk and bread was delivered to the home directly. Today that figure is less than 1%.

The milk, bread and orange juice industry is in excess of \$3 billion per annum. *Aussie Farmers Direct* believes that they should capture at least 25% of the direct sale market thereby creating a \$700 million industry potential.

For many drought stricken farmers, the prospect of selling their local product is enormous.

"Consumers often feel that milk, bread and eggs are locally owned. That is not the case. Consumers will pay for a product if they know that they are helping the local industry," says the *Smart Director*.

"To date, we have had a huge response and in these early days, we have been profitable from day one." 