PotatoChipsMachinery

The Pre-feasibility Study

Potato Chips Industry Investment in Australia

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1. Summery

The proposed project involves investment in setting up a potato chips industry in Australia. The proposed plant should be equipped with automatic machinery to produce premium quality potato chips. This study mainly analysis the current situation of the Australia snacks food market, the potato chips market, in order to present a overall perspective of the market information and to promote the investment of potato chips industry in Australia.

2. Introduction to Australia

Australia is a developed country and one of the wealthiest in the world, with the world's 12th-largest economy. In 2012 Australia had the world's fifth-highest per capita income. It has a market economy, a relatively high GDP per capita, and a relatively low rate of poverty.

The Australian snacks industry seems to increase these years, especially the potato chips industry, although people pay more attention on health consciousness and rising import competition have made potato chips market struggle forwards. As one favorite snack, potato chips consumption is quite big every day. Therefore, a new brand of potato chips has big chance to gain success in this potential market.

3. Crucial Factors & Steps in Decision Making for Investment

3.1 SWOT Analysis

SWOT Analysis can indicate the associated risk factors and the favorable factors and is quite important for the decision making for potato chips industry investment.

STRENGTH

- Abundant supply of raw material
- High automatic potaot chips production line
- The price of the material (fresh potatoes) keeps steady.
- Affordable prices of potato chips for most people

WEAKNESS

- Inexperienced technical staff
- The expected loss at the beginning period of the operation
- Labor efficiency and material waste at the initial time

OPPORTUNITIES

- High demand of potato chips, especially the premium quality
- Most of Australian tend to cheaper potato chips instead of Frito-Lay and Snack Foods Ltd.
- Decline in Australian dollar is likely to increase the expansion of the export market which will provide the industry with more lucrative opportunities for growth.
- People need healthier potato chips than before.

THREATS

- The existing industries which produce potato chips
- More attention on health and safety issues
- Strong competition and amounts of promotion activities from the competitors
- Import products' competition

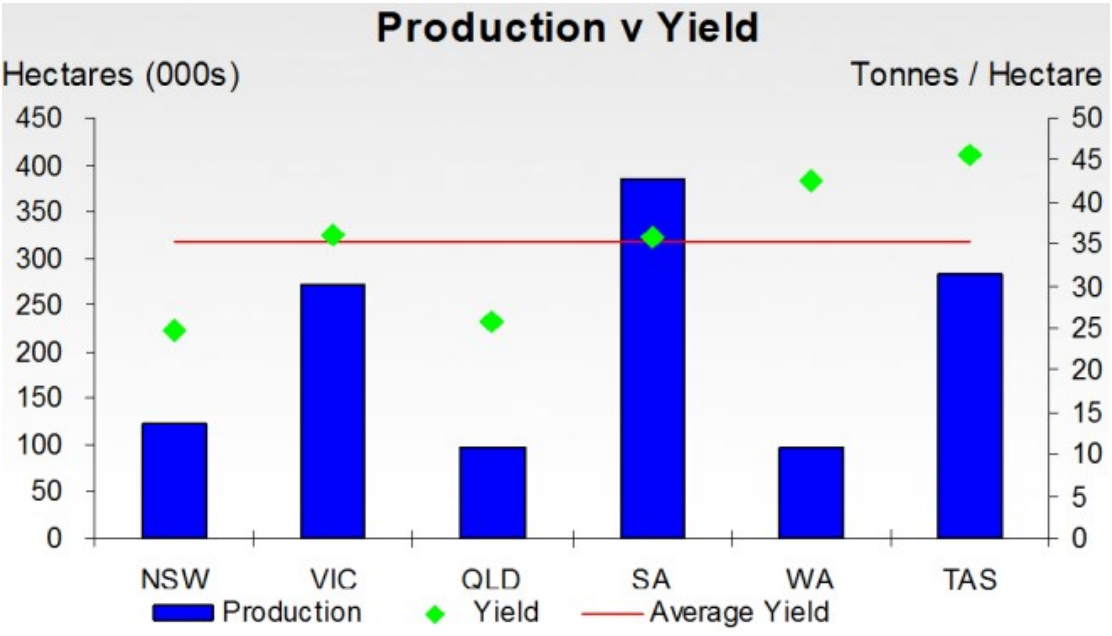
3.2 Key Success Factors

A new brand entering a market always faces lots of uncertain factors. In order to gain success, some key success factors should be referred to. When a new brand enters a market, a heavy budget towards promotion activities should be allocated. The marketing plan and promotion and advertisement are all needed.

The Key Success Factors are as follows:

- Utmost care should be taken when selecting potatoes
- Reduce the waste production
- Innovate new flavor potato chips to meet the market demand
- Keep good quality of the products all the time.
- Increase the production efficiency and increase the utilization of the raw material.

4. The Potatoes Market in Australia



Australia is one of the potatoes production countries in the world. Australian potato production is fairly consistently around 1,250,000 tonnes fluctuating between 1,150,000 and 1,320,000 over last decade. Its total area planted approx 34,000 hectares.

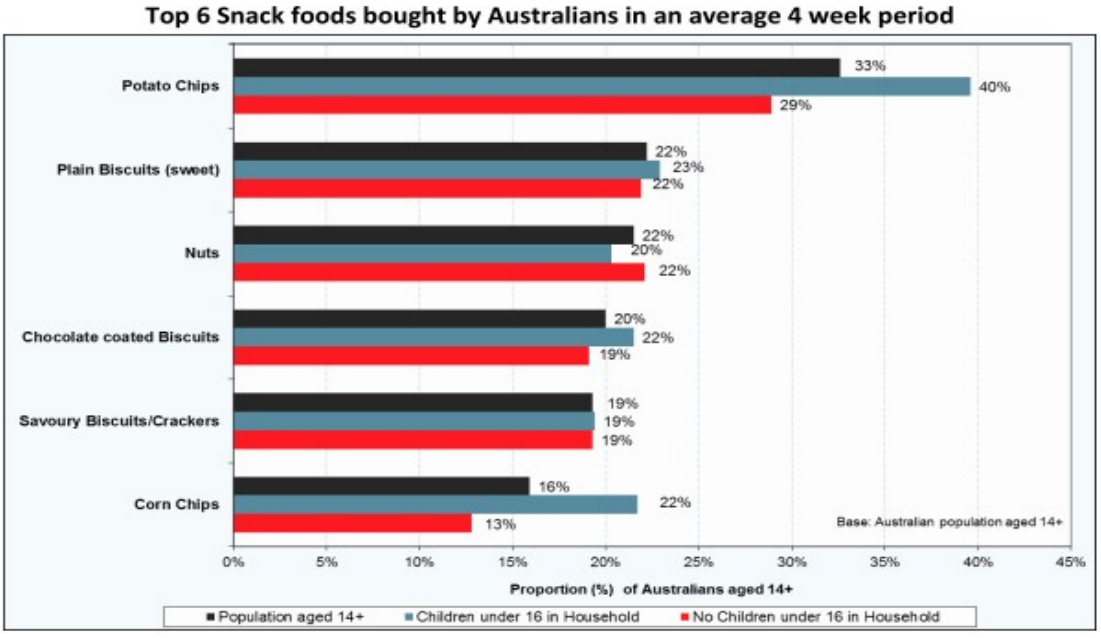
For the year ending December 2011,the potato production of Australia was 1,191,265 tonnes. South Australia produced 38% of national production, followed by Tasmania (24%), Victoria (21%), NSW(8%), and Western Australia (5%). Total fresh and processed potato consumption per person in 2011 was 38.6 kg, purchased at an annual average price of $ 2.40 per kg for a total expenditure per capita of $ 92.64. The domestic retail market value of fresh potatoes purchased by consumers is about $ 831million per annum.

The potato market in Australia consists of three components, fresh potatoes, seed potatoes and processed potato products. Only 40% are used as fresh potatoes. Of that 40%, 7% are exported as fresh potatoes, 80% are sold through retail outlets and 13% are used in the food service industry (restaurant etc.).

- Fresh Potatoes -- This refers to potatoes sold for fresh market
- Processed Frozen -- this refers to potatoes sold primarily as frozen chips, though other value added items such as potato gems have recently been introduced
- Processed Crisps -- This refers to potatoes processed & sold as potato chips
- Seed Potatoes -- Potatoes grown as seed for processing & fresh market use.

5. The Potato Chips Market in Australia

As to the nation’s most popular snacks, it seems Australians’ tastes tend more towards savory than sweet. In an average seven-day period, 41% of us snack on potato chips, 37% snack on nuts, and 32% snack on savory biscuits/crackers.



5.1 Snacks Industry

Snacks play an important role in the lives of Australians, of whom a large number frequently don’t have the time to eat at regular intervals. Snacks conveniently provide the required calories throughout the day without interrupting work and leisure activities, and has as a result grown into

a large market.

Though the Australian potato chips market faces lots of challenges, the market players' ability to create a premium product can increase their profitability. Moreover, the decline in the Australian dollar is likely to increase the expansion of the export market which will provide the industry with more good opportunities for growth.

5.2 Demand and Supply

With the development o people's life and the increasing of health consciousness, people pay more attention on healthier snacks. The current potato chips can not meet people's demand for premium quality potato chips. In order to compete with health snack food substitutes like fruit and muesli bars, producers need to create products to reach niche organic and premium markets.

Therefore, a new brand, whose products are in high quality is badly in need and can enter the potato chips market by this chance.

5.3 Target Customers

In any seven given day period, potato chips are a good choice of some Australian. The target customers are distributing according gender, age and income as these factors determining the Australian snacks habits.

- Age---60% of teenagers under 18 and 50% of 18-24 year-old snack on potato chips — compared with 34% of 50-64 year-old and 23% of those aged 65+.
- Gender---Nutritional value and calories appear to be of less concern for men, who are more likely than women to snack on potato chips (44% vs 38%) and corn chips (19% vs 15%) in an average seven days.
- Income---Potato chips are a snack that most people can afford. The middle income and high income people are mainly the customers.

6. Potato Chips Production

6.1 Potato Chips Plant

The potato chips manufacturing industry should be equipped with the following machinery:

- Washing & Peeling Machine - For washing and peeling fresh potatoes.
- Potato Chips Machine - For slicing potatoes into chips or slices.
- Potato Chips Blanching Machine - For pre-cook the chips.
- Potato Chips Dehydration Machine - For drain the water on the surface of chips.
- Potato Chips Frying Machine - For frying the chips.
- Potato Chips De-oiling Machine - For drain the oil on the surface of chips.
- Potato Chips Seasoning Machine - For flavoring the chips.
- Nitrogen Filled Potato Chips Packaging Machine - For packaging the chips.

6.2 Raw Material

- Fresh Potatoes: Select fresh potatoes with light eyes,regular shape, mildew rot, sprouting and insect infestations and other phenomena.
- Oil: Food grade vegetable oil/cooking oil
- Flavors: Select right flavors that can make chips special

6.3 Potato Chips Processing

In order to produce high quality potato chips, the parameters in the processes should be carefully monitored, as water content, oil content, color and flavor are determined by the production processes. Water content, oil content, color and flavor are the main factors that determine the quality of products.

Process	Machine	Parameters	
		Temperature	Time
Washing & Peeling	Washing & Peeling Machine	--	
Slicing	Potato Chips Machine	Thickness: 1~2mm	
Blanching	Potato Chips Blanching Machine	100 ℃ water	60 s
De-watering	Potato Chips Dehydration Machine	60℃	5 min
Frying	Potato Chips Frying Machine	180~200 ℃ oil	2min
De-oiling	Potato Chips De-oiling Machine	--	
Flavoring	Potato Chips Seasoning Machine	--	
Packaging	Nitrogen Filled Potato Chips Packaging Machine	--	

7. Conclusion

In Australia, potato chips are the favorite snack food and the consumption is very big. As the health consciousness are payed more attention on, high quality potato chips are in need in nowadays. The potential of the potato chips market is huge. With these opportunities, a new player have a good chance to enter the potato chips market.