

Global Business Challenges

GOJO AUSTRALASIA & MARKET CHALLENGES

Author: Marc R Mikhail

Student Number: 1815530

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Recipient: Sandra Dettmer

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1. INTRODUCTION

1.1 Corporation Summary

Founded in 1946, GOJO Industries Inc (GOJO Industries) is a producer & vendor of skin health and hygiene products. In 1952, GOJO was really established after they patented the first-ever portion-control hand cleaner dispenser. GOJO is also the inventors of PURELL® Hand Sanitizer. Today, it is America's #1 brand and PURELL have become a household name. (Gojo.com, 2019)

GOJO's portfolio of products comprises hand sanitizers, hand cleaning and skin care products. GOJO deals its merchandises in dispensing systems and bottles and wipes, as promoted internationally under various brands including GOJO, Purell and Aquell. It supplies products to numerous industries, including automotive, food processing, office buildings, healthcare facilities, veterinary, dental, mining & manufacturing plants, educational entities, restaurants and grocery markets. (Gojo.com, 2019)

1.1.1 Global Operation



Figure 1 - GOJO Global Operation Map (Gojo.com, 2019)

GOJO is spread globally operating in the US, UK, France, Brazil, Denmark, Japan and Australia. GOJO Industries' key subsidiaries comprise GOJO Industries - Europe, Ltd., GOJO France SARL, GOJO América Latina, GOJO Japan, and GOJO Australasia. With headquarter in Akron, Ohio USA, GOJO also has regional headquarters in Australia, France, Japan and the UK. In addition, a range of sales offices, warehouses and sales teams located throughout the world. (MarketLine, 2018)

1.1.2 People

GOJO is comprised of a team of people who have a passion for making the world a healthier place. About 2,500 employees globally work on various organisational departments enhancing GOJO's portfolio of products & services (Gojo.com, 2019).

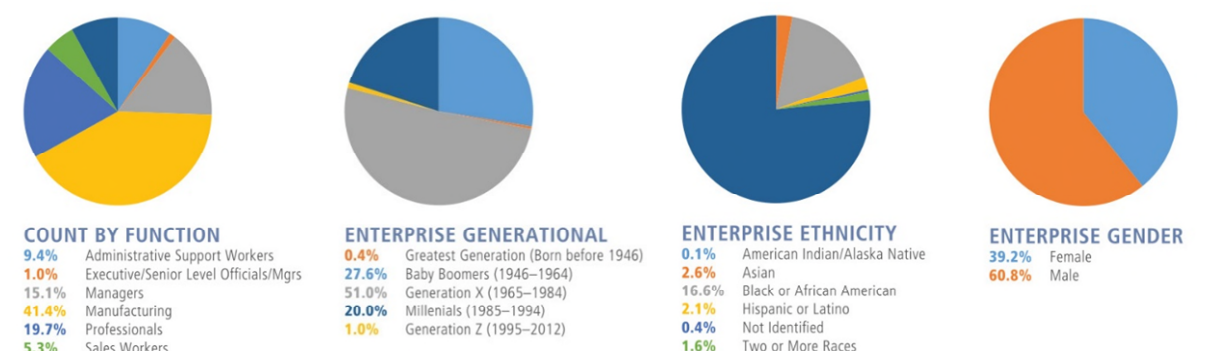


Figure 2 - Gojo Team Members Analysis (Gojo.com, 2019)

Board of directors:

- Joseph Kanfer – Chairman & CEO
- Marcella Kanfer – Vice Chairman
- Mark Lerner – President & COO

(MarketLine, 2018)

1.2 Scope

This report addresses the relevant market challenges for GJAU, a subsidiary of GOJO Industries Inc., focusing on the hand hygiene products for the dental & veterinary industries in Australia & Australasia region. The aim of the report is to clarify GJAU market situation locally & globally, while assessing macroeconomic conditions and operation environment. As GJAU headquarter in Sydney, Australia, large attention is directed towards Australian market as vital and dynamic market within the region. (Gojo.com, 2019)

1.3 Justification of Data Collection Methods

The methodology was conducted using research based on the information which is available in resources; journal articles, Marketline reports, official governmental reports, and GOJO website.

In addition, number of relevant stakeholders were reached to participate, including some of the current key personnel at GJAU, providing inputs and adding major value to the report.

1.4 Abbreviations

The abbreviations used in this report are listed below:

Table 1 - Abbreviations

Term	Definition
GJAU	GOJO Australasia
CEO	Chief Executive Officer
COO	Chief Operating Officer
US/ USA	United States of America
UK	United Kingdom
OTC	Over-The-Counter
CAGR	Compound Annual Growth Rate
USD	United States Dollar
GPD	Global Product Development
IMF	International Monetary Fun
OECD	Organisation for Economic Co-operation and Development

2. COMPANY OVERVIEW

2.1 History

GOJO products have been in the Australian market since 1987 and were sold by ESG Asia Pacific. In 2010, GOJO decided to open their own subsidiary office based in Sydney, Australia; taking on the Australasia market challenges on board and achieving significant outcomes. (Gojo.com, 2019)

Since GJAU establishment, they have registered some of their invented formulas as an OTC drug and currently are manufactured locally by a third party manufacturing plants. (MarketLine, 2018)

2.2 Business description

GJAU are marketing GOJO products in Australasia region, trading in skin health and hygiene solutions, offering dispense soaps, sanitizers, hand cleaners or wipes (Gojo.com, 2019). GJAU formulas use the latest advances in the science of hand & skin care. GJAU is offering programs to promote and grow the knowledge of healthy behaviours for hand hygiene and skin care while in critical environments (MarketLine, 2018).

2.3 Major Products

The major products offered by GJAU around the region are as following:

- Hand Sanitizer
- Moisturisers
- Surgical Scrub

(Gojo.com, 2019)

2.4 Key Competitors

Key competitors in the regions:

- Ecolab (Brands: Ecolab, Nalco and Microtek)
- SC Johnson (Brand: Deb)
- Whiteley (Brands: Sanitol, Dermalux and Bactol)

(Donovan, 2018)

2.5 Business Model

GJAU current business model is to import most of product range from GOJO. GOJO has the arrangement for production lines in Asian countries, however GJAU manufacturer locally their registered products only, while rely on GOJO Industries for the rest of the supply & products even if produced in Asia. Through the years, GJAU has set up multiple distributors in different markets to ensure their reach is spread across the region. As expanding more into the market, GJAU are dealing through reputable distributors targeting professional markets & fields, as well as consumers &

end-users, such as BUNZL, ESG Asia Pacific with their own DSRs, WINC and Rapid Clean (Donovan, 2018).

Strategically GJAU have been operating for 9 years, so their market knowledge is still building up. However, they have managed to obtain 30% market share in the Aged Care industry with their hand hygiene solutions (Donovan, 2018). As they sell their products into vertical markets such as the automotive, colleges and universities, food processing, foodservice, grocery, health and fitness, healthcare, hotel, schools, law enforcement, manufacturing, military, office buildings, and other facilities (Gojo.com, 2019). GJAU are targeting business-to-business (B2B) approach as a primary income generator for GJAU. End-users market is considered as secondary income generator (Donovan, 2018).

3. MARKET OVERVIEW

3.1 Market Definition

Targeting on the Australasia region, the hand hygiene market involves mass hand care, and premium hand care (MarketLine, 2018). The market is valued according to retail selling price (RSP), as well as including relevant applied taxes (MarketLine, 2019). The region consists of major countries, mainly Australia, China, India, Indonesia, Philippine, Thailand, Vietnam, Malaysia and New Zealand. It also contains numerous minor islands for instance Guam, New Caledonia, Fiji, Papua New Guinea and Solomon Islands (GJAU Regional Presentation, 2018).

3.2 Market Analysis

The hand hygiene market developed at a firm rate in the Australasia region, because of the steady sales growth in the premium care products. The overall market growth is expected to trending up in the coming five years. (MarketLine, 2019)

Refer to below charts and tales.

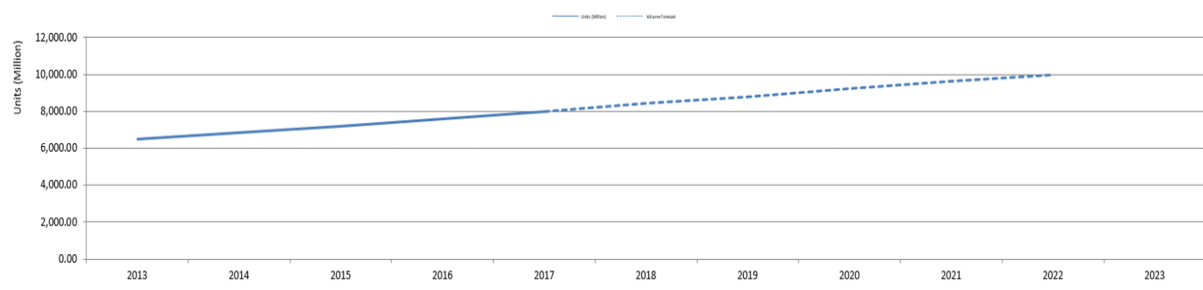


Figure 3 - Australasia Skincare - Industry Volume (MarketLine, 2019)

Table 2 - Australasia Skincare – Industry Value (MarketLine, 2019)

	2013	2014	2015	2016	2017	2018
Market Value (USD Billion)	46.7	49.7	53.0	56.6	61.3	65.8

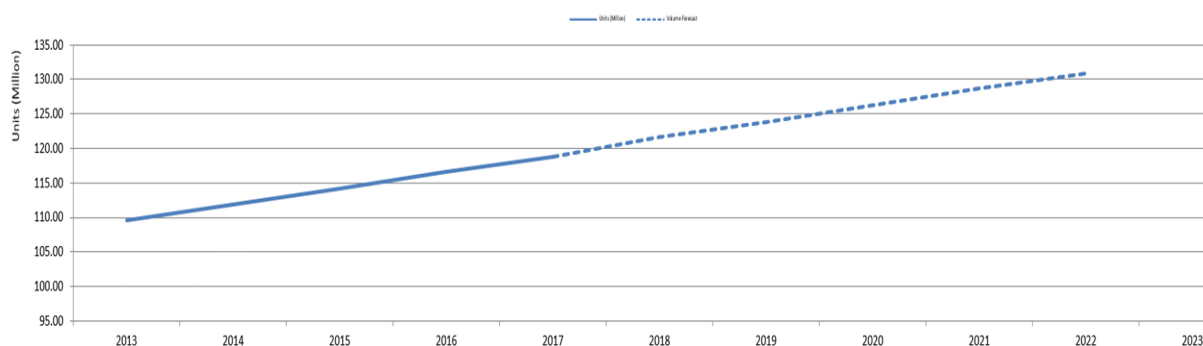


Figure 4 - Australia Skincare: Industry Volume (MarketLine, 2019)

In recent years, skincare market has grown significantly due to more awareness and introduction of many standards & regulations. In 2013, the consumption volume reached 109.57 million units, generating a total revenue of USD 1 billion. That consumption volume extended in 2017 to hit 118.77 million units, bringing revenues of USD 1.2 billion. As a segment of skincare, hand hygiene value was USD 19.8 million in 2013, expanding to USD 25.8 million in 2018. This growth in value in 2018 achieved 30% more 2013 value. The Australian market is so firm and steady maintaining several hygienic guidelines & regulations in the sense. (MarketLine, 2019)

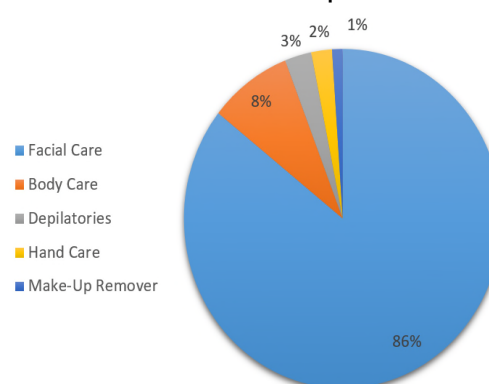


Figure 5 - Australia Skincare Market Segmentation (MarketLine, 2019)

Table 3 - Australia skincare – Industry Segmentation (USD Million) (MarketLine, 2019)

	2013	2014	2015	2016	2017	2018
Facial Care	880.8	910.1	941.2	974.3	1,007.4	1,044.6
Body Care	91.0	93.2	95.5	98.0	100.0	102.8
Depilatories	29.2	29.9	30.7	31.5	32.2	33.1
Hand Care	19.8	20.9	22.0	23.2	24.4	25.8
Make-Up Remover	11.8	12.0	12.3	12.6	12.8	13.1

3.3 Market Forecast

In 2022, the Australasia hand & body care market value forecast is to have a value of USD 85.7 billion, an increase exceeding 30% since 2018. The CAGR of the market in the period 2017–22 is predicted to be 6%. (MarketLine, 2019)

Table 4 – Australasia Skincare Market Value Forecast (MarketLine, 2019)

	2018	2019 f	2020 f	2021 f	2022 f
Market Value (USD Billion)	65.8	70.2	75.5	80.8	85.7

As well as the Australasia hand & body care market is forecast to grow a volume of 9.98 billion units in 2022, an increase of 18% since 2018. CAGR of the market in the period 2017–22 is predicted to be 3.6% (MarketLine, 2019).

Table 5 – Australasia Skincare Market Volume Forecast (MarketLine, 2019)

	2018	2019 f	2020 f	2021 f	2022 f
Units (Billion)	8.44	8.79	9.21	9.63	9.98

Consequently Australian skincare market forecast is trending up, to raise a value of USD 1.4 billion in 2022, an insignificant increase of 16% since 2018. In Addition, CAGR of the market in the period 2017–22 is expected to be 3.2%. Accordingly, an increase of Australian skincare market volume is predicted to reach 130.89 million units in 2022, equal to 7% growth in volume comparing to 2018. The CAGR of the volume between 2017-22 to be 1.4% (MarketLine, 2019).

Table 6 – Australia Skincare Market Value Forecast (MarketLine, 2019)

	2018	2019 f	2020 f	2021 f	2022 f
Market Value (USD Billion)	1.2	1.3	1.3	1.4	1.4

Table 7 – Australia Skincare Market Volume Forecast (MarketLine, 2019)

	2018	2019 f	2020 f	2021 f	2022 f
Units (Million)	121.60	123.82	126.23	128.64	130.89

3.4 Focus Industries

As mentioned in 1.2 Scope, this report is focusing on GJAU's hand hygiene products for the dental & veterinary industries, mainly in Australia, as potential prospects for new markets.

3.4.1 Dental

The Australian dental market consist of registered general, specialist dental practitioners, dentists associate to deliver dental services, and dental hospitals that only provide casualty services. In the last five years, ageing population has supported the dental industry. In contrast with other health services, the dental market is primarily funded privately. The industry revenue sits currently on USD 10.8 billion (Richardson, 2019).

Continuous demand for dental services from elders, higher oral health standards and a preference for retaining natural teeth are predictable, as supporting industry revenue growth over upcoming five years. Industry revenue forecast is expected to increase 2.0% p.a. over the five years through 2023-24 to touch USD 11.9 billion (Richardson, 2019).

Key External Influences:

- Membership of private health insurance.
- Individuals & families disposable earnings.
- Elder population aged 50 and above.

(Richardson, 2019)

Key Facts:

- Annual Growth 14-19 is 2.9%, while forecast annual growth 19-24 is 2%
- The profit made out of the dental services equals USD 1.6 billion.
- For instance 15,000+ dentists are working in about 5,575 dental practices nationally, 82% of the practices are based on the eastern states (including NSW, VIC, ACT & QLD).

(Richardson, 2019)

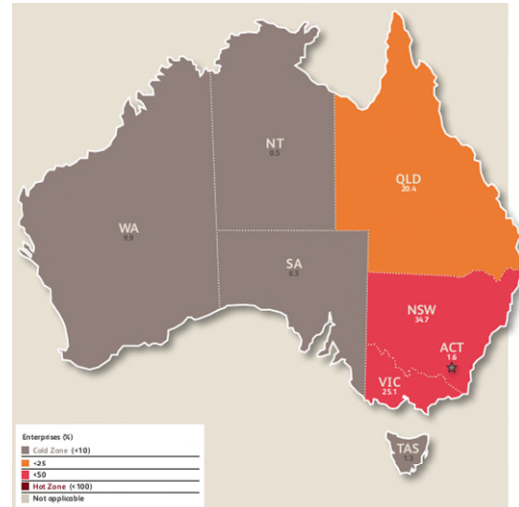


Figure 6 – Australia Dental Practice Map 2018-19
(Richardson,2019)

3.4.2 Veterinary

Veterinary market in Australia comprises veterinary practices and animal hospitals. Veterinarians are skilled in treatment and surgery concerning animals and wildlife. In the last five years, the awareness of animal medical concerns has grown expressively causing the rise of demand for veterinary services outlets and increasing the availability of surgical and diagnostic procedures for animals. The veterinary industry revenue is expected this year to reach the total of USD 3.5 billion. (Allday, 2019)

The Australian media attention has facilitated the escalation of awareness of veterinary developments. Moreover, the industry deregulation has supported the expansions of brand name in the last five years. Veterinary revenue forecast is anticipated to increase 2.6% per annum over the five years through 2023-24 to hit USD 4 billion. (Allday, 2019)

Key Facts:

- 2,310 vet practices nationally, 82% of the practices are based on the eastern states (including NSW, VIC, ACT & QLD).
- 4.8 million dogs and 3.8 million cats, are equal to 34% of Australian population owns a pet.
- Veterinarian surgeries are growing in demand, endoscopies and oncology are also rising.
- Hygiene is critical, as veterinary outlets are after differentiating themselves to stand for competition.

(Allday, 2019)

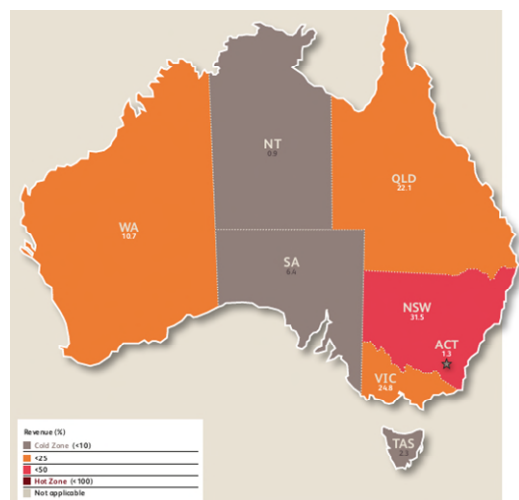


Figure 7 - Australia Veterinary Practice Map 2018-19 (Allday, 2019)

4. EVALUATION: GJAU VS THE MARKET

4.1 Quick Evaluation

From company profile, GJAU has a decent size organization within the region, practical business model. While relevant industries and markets are trending up, estimated growth in values & volumes across Australia and Australasia region, however GJAU needs to be aware of the environment and its encounters. Some focal topics and assessments need to be disclosed to promptly evaluate the situation and positions, as below:

- Is the size of market relevant to GJAU capabilities?
- Is it in GJAU's abilities to reach, assessing geographic location of markets?
- Barriers to market entry, how regulated are the industries?
- What strategies does GJAU need to penetrate markets and create business demand?
- Supply Chain, does GJAU have what the market needs available?

4.2 SWOT Analysis

GJAU is a leading producer and marketer of skincare and hand hygiene solutions in the Australasia Region (MarketLine, 2018). Global increase in healthcare spending and global personal hygiene market are anticipated to affecting the Australasia region to substantial growth (Allday, 2019) (MarketLine, 2018) (Richardson, 2019), while presenting opportunities to GJAU in the region.

Table 8 - SWOT Analysis (MarketLine, 2018)

Strength ▪ Purell ▪ Involvement In Multiple Industries	Weakness ▪ New Markets Penetration
Opportunity ▪ Global Increase In Healthcare ▪ Global Personal Hygiene Market	Threat ▪ Strict Regulations

4.2.1 Strength

Purell

Purell is the leading brand for Gojo globally for merchandises. The brand is well established and places GJAU in strong market position as attracting businesses and end-users. As a leading brand, it's known for fast, effective, skin-friendly product for hand hygiene and skincare. Purell is used extensively for instant hand sanitizer worldwide, providing a competitive edge for GJAU while exploring new markets & opportunities (MarketLine, 2018).

Involvement in Multiple Industries

GJAU has a strong involvement in various industries, which present an attraction for new businesses. Over years, GJAU has developed an extensive know-how in various industries, especially in healthcare, evolving many innovative solutions. Furthermore, GJAU has a significant role in hand hygiene culture awareness for businesses and communities, as implementing many hand hygiene programs for different segments. In healthcare, GJAU provides a range of solutions for skincare and hand hygiene (MarketLine, 2018). GJAU's awareness and involvement can help expanding reach to new related markets (Veterinary & Dental), and gives an advantageous position over competitors.

4.2.2 Weakness

New Market Penetration

GJAU have not entrenched itself in multiple markets yet as expected as a strong brand with sizable large investments. GJAU fears penetrating markets where they lack the market knowledge. Additionally, GJAU prefers to focus more on retaining current markets & businesses rather than look for new potential opportunities. GJAU's key concerns on new markets are usually around regulations, sustainability, and the setup of adequate distribution channels. It's critical element, as commonly that results for competitors to step up and occupy position effortlessly, while reducing GJAU chances in increasing their market share (MarketLine, 2018).

4.2.3 Opportunity

Global Healthcare Increase

A research by World Bank Group and the Institute for Health Metrics and Evaluation at the University of Washington was making assumptions around global healthcare spending to rise to 9% of the world GDP by 2040. The research is expecting high-income countries to spend USD 9,019 per person on health in 2040, whereas in the same year upper-middle & lower-middle countries to spend USD 1,935 and USD 507 per person, respectively. However, low-income countries are projected to spend USD 164 per person in 2040 (MarketLine, 2018).

GJAU has a great chance to benefit from the spending increase globally, while offering a wide range of skincare and hand hygiene products and solutions including hand sanitizers, hand soap, antimicrobial and antibacterial hand soap. The spending increase could lead to generating demand for GJAU's products and solutions. Aging population (Refer to 3.4.1 Dental) and the rise of hygiene awareness are predicted to drive the relevant growth. GJAU owns the right structure and logistical components to provide skincare & hand hygiene products, through its manufacturing & sales capabilities, to reach and distribute widely (GJAU Regional Presentation, 2018).

Global Personal Hygiene Market

According to Marketline research report, global personal hygiene market is expected to expand to over USD 53,387.9 million by 2022, with a CARG of 19.9% between

2016-2022. As well as, a growth is expected in the skincare and hand hygiene markets in Australasia region (Refer to 3.3 Market Forecast). As a leader in manufacturing skincare and hand hygiene products, GJAU has a considerable opportunity to create advance revenues. Gojo's uniquely formulated products, continuous product innovations and the increase in demand for premium hygiene products are expected to drive growth in the market (MarketLine, 2018).

4.2.4 Threat

Strict Regulations

GJAU's commitment is to adhere to local & international regulations related to its formulated products and solutions, for domestic and export markets. Hand hygiene is regulated by Australian Dental Association, Hand Hygiene Australia and Dental Board of Australia (MarketLine, 2018). GJAU should sustain expenses to conform to regulations. In addition, any type of non-conformance may result in penalties, affecting the company's reputation (GJAU Regional Presentation, 2018).

4.3 PESTEL Insight

PESTEL insight analyses the political, economic, social, technological, legal and environmental structures and elements. Australia is the zone of focus, as PESTEL factors in revealing to four areas, considering current strengths, current challenges, future prospects and future risks (Marketline, 2018). Some factors might be displayed in diagrams, but not essentially discussed, depends in relevancy.

	2015	2016	2017	2018	2019f	2020f	2021f	2022f
GDP, constant 2010 prices (\$ trillion)	1.4	1.5	1.5	1.5	1.6	1.6	1.7	1.7
Real GDP growth	2.5	2.6	2.3	2.9	3.0	2.8	2.6	2.5
GDP, constant 2010 prices, per capita (\$)	60,000.3	60,647.5	61,122.4	61,995.5	62,972.9	63,844.4	64,601.1	65,360.9
Consumer price inflation (%)	1.5	1.3	1.9	2.2	2.3	2.5	2.5	2.5
Exports (total as a percentage of GDP)	19.3	19.3	19.1	19.5	19.4	19.4	19.5	19.6
Imports (total as a percentage of GDP)	21.6	20.0	19.2	18.9	18.6	18.5	18.2	18.0
Population (million)	23.9	24.2	24.6	24.9	25.3	25.6	26.0	26.3
Unemployment rate	6.1	5.7	5.7	5.4	5.2	5.0	4.9	4.8
Mobile Penetration (Per 100 People)	107.7	109.6	110.6	111.6	112.5	113.5	114.5	115.4

Figure 8 - Australia – Key Fundamentals, 2018 (Marketline, 2018)

Key facts (2018):

- Capital: Canberra,ACT
- Government type: Federal parliamentary democracy & Commonwealth realm.
- Head of government: Prime Minister Scott Morrison.
- Population: 24.57 million.
- Currency: Australian dollar(AUD).
- GDP per capita (2017): USD 50,739.95.
- Life expectancy (2017): 82.3 years (total population),79.8 years (men) & 84.9 years (women).
- Major exports: iron ore, gold, coal, natural gas, wheat, beef, alcohol.
- Major imports: refined petroleum, motor vehicles, medicaments.

(Marketline, 2018).

4.3.1 Political

A compulsory voting system is applied and is supposed by some to add legitimacy to the government. There is also a high degree of public compliance with the laws and regulations, as well as their use creates no administrative problems for the government. (Marketline, 2018).

Table 9 – Political Factors Analysis (Australia) (Marketline, 2018)

Current Strengths ▪ Strong Democratic Government ▪ Compulsory voting System	Current Challenges ▪ Strained Relations with Indonesia
Future Prospects ▪ Good relations with other nations	Future Risks ▪ Asylum Seekers & Humanitarian Issues

Australia has good relations with the majority of large countries. In 2014, Australia signed two bilateral free trade agreements (FTAs) with Japan and China. China accounts for almost a third of Australia's exports, namely the China Australia Free Trade Agreement (ChAFTA), on December 20, 2015 (Marketline, 2018).

4.3.2 Economic

According to the IMF, the Australian government deficit has been reducing since 2011. The deficit has fallen from -4.44% of GDP in 2011 to -2.18% of GDP in 2017. The government gross debt of Australia is at 41.59% of GDP in 2017, increasing from 2007 that was a gross debt of just 9.7% of GDP in 2007. The gross debt is expected to be around 41.69% in 2018, according to the IMF.

Table 10 – Economic Factors Analysis (Australia) (Marketline, 2018)

Current Strengths ▪ Dynamic Services Sector ▪ Strong Foreign Investment	Current Challenges ▪ budget deficit public debt ▪ Unemployment rate
Future Prospects ▪ Improving Banking Sector	Future Risks ▪ Housing Bubble

The Australian economy is primarily relying on the service sector as the main contributor, whereas the financial services sector larger than agriculture, forestry and fishing, and mining. The finance and insurance sector growth pushed for the expansion of other. Likewise, other vital sectors such as health & education (Marketline, 2018). In 2017, the service sector contributed 72.18% to Australia's GDP. The service sector is expected to grow at a CAGR of 4.2% during 2018–2022 and make a major contribution towards the growth of the economy, as per MarketLine forecasts. Moreover, Australia is one of the most open countries to foreign direct investment among OECD member states (Marketline, 2018). Foreign direct investment forms over a third of Australia's GDP as Australia offers economic liberalism, stability, legal transparency and robust economic growth demonstrated over the last 25 years. According to UNCTAD, foreign direct investment entry more than doubled from \$20.46 billion in 2015 to \$46.37 billion in 2017. Furthermore, Australia was ranked 14th out of 190 countries in the World Bank's 'Doing Business 2018' ranking (Marketline, 2018).

Australia's labor market conditions are slightly imprecise, as the unemployment rate has been consistently growing over the past few years. The total unemployment rate, which was 4.38% in 2007, grew to 5.66% in 2017, according to MarketLine.

Australia has a resilient banking sector, and banks' capital ratios have increased considerably. The banking system has been gradually shifting away from wholesale funding, whereas growing their capability to deal with funding market interferences.

4.3.3 Social

The Australian total healthcare expenses was 9.75% of GDP in 2017, up from 9.44% of GDP in 2015. Healthcare expenditure averaged 8.85% of GDP during 2007–2017 (Marketline, 2018). As a conclusion, total healthcare spending in Australia increased from USD 120.9 billion in 2016 rising to USD134.5 billion in 2017. A main reason reflecting in high life expectancy of 82.3 years, according to CIA – World Factbook.

Table 11 – Social Factors Analysis (Australia) (Marketline, 2018)

Current Strengths Living Conditions And High Human Development	Current Challenges High Inequality Of Income
Future Prospects Strong Healthcare	Future Risks Demographic Challenges

Population growth rate is very low, joined with the increase of aging population, are future risks and demographic challenge (Marketline, 2018). According to the OECD, the old age dependency ratio will rise from 25% in 2015 to 31.2% in 2025 and 41.2% by 2050.

4.3.4 Technological

Table 12 – Technological Factors Analysis (Australia) (Marketline, 2018)

Current Strengths National Broadband Network	Current Challenges Lack of Collaboration
Future Prospects Commonwealth Science Council	Future Risks Low Levels of R&D expenditure

In 2017, the National Broadband Network project has been launched at a cost of AUD 29.5 billion (USD 22.63 billion) to deliver high-speed broadband, and create the market for retail broadband & telephony services more competitive. Homes and businesses are connected with active NBN 4.2 million in 2018 (Marketline, 2018).

4.3.5 Legal

Table 13 – Legal Factors Analysis (Australia) (Marketline, 2018)

Current Strengths ▪ Strong Business Environment	Current Challenges ▪ Rising Regulation In Legal Services.
Future Prospects ▪ Low Tax Wedges	Future Risks ▪ Protecting Minority Investors

Australia witnessed a significant development in restrictive regulation as part of legal services during 2008–2013. A less-friendly market is indicated in terms of professional services including accounting, legal services, engineering, and architecture. The government is working on taking measures to ease regulation to liberate the product services market, as well as improving investors protection and develop more investor-friendly image (Marketline, 2018).

4.3.6 Environmental

On the ‘2018 Environmental Performance Index’, a study conducted by Yale and Columbia University, Australia was ranked 21st over 180 countries included in the study, indicating a solid environmental performance. The government has been encouraging the output of solar energy through the Mandatory Renewable Energy Target scheme since 2001(Marketline, 2018).

Table 14 – Environmental Factors Analysis (Australia) (Marketline, 2018)

Current Strengths ▪ Energy Consumption composition ▪ Strong Enviro Performance	Current Challenges ▪ Rising pollution levels
Future Prospects ▪ Direct Action Plan	Future Risks ▪ Risk of drought

4.4 Macroeconomics Landscape

The Reserve Bank of Australia has kept the cash rate unchanged (1.5%) in the monetary policy meeting held on November 2018; unchanged since August 2016 (Marketline, 2018). The main objective of the RBA monetary policy is to keep inflation low, stable, and sustainable over time. A stable and controlled inflation promotes economic activity and growth, while preventing erosion of personal income. The monetary policy supports the economic activities, in return affect how businesses operate and influence their spending (Donovan, 2018). In such environment, GJAU will enjoy the economic benefits operating and expanding in Australian market.

Australia was ranked in the 93.27 percentile on the control of corruption parameter. The control of corruption indicator measures the extent to which public power is exercised for private gain (Marketline, 2018). Gojo Industries should look at this parameter is an comfort of business while safe and fair investment conditions.

Australia has had a floating exchange rate since December 1983 (Aph.gov.au, 2019). By changing cash rate, it influences exchange rate as impacting GJAU critically as they are purchasing and importing products directly out of the US and sell at a fixed price to their distributors in AUD.

Australia has been facing depreciation in AUD against foreign currencies. In 2017, AUD depreciated from 1.0 per USD in 2013 to AUD 1.3 (Marketline, 2018). However, weak currency encourage the investment as GOJO can pump their USD to finance the entry of veterinary & dental industries in Australasia region through GJAU. Inflation is expected to rise to 2.2% in 2018, with improved exports and robust consumption demand (Marketline, 2018).

Healthcare prospect

In 2017, total healthcare spending was 9.7% of GPD, according to Marketline, whereas the total healthcare spending reached USD 134.4 billion in 2017 (Marketline, 2018). Healthcare market is expected to expand in coming years in Australia, providing room to relevant segmental industries to rise and share the growth.

Technological Advantage in the Region

Among key nations in the Australasia region, Australia performs comparatively well in terms of internet and mobile penetration. NBN is laying the digital infrastructure for businesses the competitive edge in internet access, speed and availability (Marketline, 2018).

4.5 Five Forces Analysis

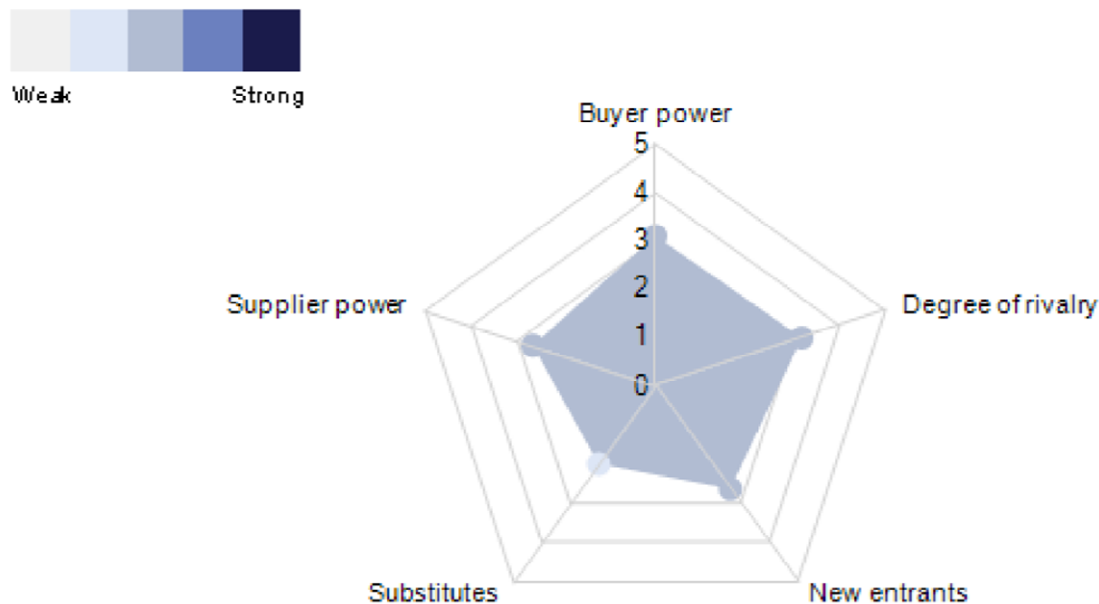


Figure 9 - Forces in Skincare Market Australia, 2018 (Marketline, 2019)

4.5.1 Buyer Power

The main market competitors are spending significant amount of funds into the research and development of new products, especially those aimed at consumers in developing economies. These R&D efforts serve to increase differentiation between market players, weakening buyer power. Moreover, by comprehensively marketing these novel products, manufacturers drive up demand and bolster brand loyalty. This further weakens buyer power in this industry (Marketline, 2019).

Buyer power is slightly strengthened by skincare products are only a minor revenue stream for some companies. Overall, buyer power is assessed as moderate in skincare market in Australia (Marketline, 2019).

4.5.2 Supplier Power

Suppliers in the skincare market include the producers of fine chemicals and relevant ingredients used in the manufacture of care & hygiene products. Plastic, glass and metal packaging is an additional input here (Marketline, 2019).

In Australia, the Department of Health regulates the skincare market under its National Industrial Chemicals Notification and Assessment Scheme. This level of regulation can weaken supplier power as they must prove that regulatory fulfilment criteria. However, for some chemicals there are no substitutes, which empower supplier, but this is the exception. There are generally several alternate products within each

ingredient category, reducing players' dependence on any particular supplier. Overall, supplier power is assessed as moderate (Marketline, 2019).

4.5.3 New Entrant

The main manufacturers in this market are global companies investing heavily in both product innovation and the building of brand portfolios. Government legislation can be considered as entry barrier, as enforcing strict regulations on the composition and testing of products. The Department of Health and Ageing and the Therapeutic Goods Administration regulate the ingredients used in the production and import of products to Australia (Marketline, 2019).

The key drivers of growth within the skincare market include the aging of developed populations, technological developments within the industry, and increasing health and hygiene awareness. Overall, the threat of new entrants to the skincare market is assessed as moderate (Marketline, 2019).

4.5.4 Threat of Substitute

Substitutes for consumer skincare products include traditional or homemade products, that require time and specific knowledge regarding product structure for adequate preparation. Furthermore, these substitutes may not offer the same effects of branded products. Likewise fake constitute a serious substitutive threat for retail outlets and manufacturers. Overall, the threat of substitutes is assessed as weak (Marketline, 2019).

4.5.5 Degree of Rivalry

The main market competitors are large international companies who can compete aggressively on prices, raising the intensity of the rivalry.

Several leading companies use the segmented marketing strategy to increase their market share. Each segment contains consumers with similar needs, which enables it to provide to multiple customers, allowing to maximize consumer base and revenues. Overall, rivalry is assessed as moderate (Marketline, 2019).

5. CONCLUSION & RECOMMENDATIONS

Based on all the analysis and the audits conducted on the GOJO, the market and the surroundings, organizational decisions for GJAU can be made. Thus, it's apparent that numerous open-doors and opportunities are available to present their hand care products & services to veterinary & dental industry.

While the healthcare market value is increasing (Marketline, 2018), creating a great chance for introduction of GOJO formulated hand products and have an sufficient market share. GJAU needs to trust Purell as well-established & influential strength internationally. Regulations might hold some steps; however chances for GOJO to invest USD in Australia financing market entry; benefiting the depreciation in AUD & minimum corruption encounters (Marketline, 2018).

While the US-China trade war is taking place initiating all economical tension (BBC News, 2019), GJAU should benefit of the free trade agreements with China (Marketline, 2018) to divert manufactured products straight to Australia instead going to US then import it (Donovan, 2018).

Where lack of knowledge is an area of concern (Marketline, 2018), GOJO can look at potential joint venture with a local prospect entity, that has adequate experience in veterinary & dental industries, to join forces with GJAU to reduce risks and maximize risks.

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