



Export Express

Insights to Accelerate International Expansion



Our Mission: Help Manufacturers "Spend time *Selling* to Distributors versus *Searching* for Distributors"

1000 USA Experts

Export Solutions features the most extensive database of USA food brokers, distributors, and importers. This includes specialists for Italian, Spanish, British, German, Asian, and Hispanic food plus other supermarket categories.

Export Solutions tracks more than 537 food brokers, as well as 551 food importers and distributors. Our retailer database shares info and weekly fliers for 334 USA retailers. Subscribe now to our database which covers 96 countries and more than 8,600 distributors and 2,500 retailers: www.exportsolutions.com.

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Asia's population exceeds 4.6 billion people, 59% of the global total. "Mouths plus money equals opportunity." During the last ten years, export departments participated in the China Gold Rush with disappointing results. The majority of branded food companies sell more to adjacent markets like Puerto Rico, Ireland, and Malta than they do to China or India. The China Syndrome reveals that Asian food companies have achieved more success marketing their food to Europe and the USA than western companies have gained in Asia.

Meal Traditions

Asians enjoy different meal traditions, with little overlap with western practices such as cereal at breakfast. Confectionery and snack products are the exception, as everyone loves a sweet treat. Asia features multiple cuisines, with clear differentiations between Chinese, Japanese, Thai, Indian, Korean, and Filipino food.

We learn to appreciate these geographic specialties through restaurants sprinkled across most USA and European cities. In Asia, the most common western restaurants are fast food options like McDonalds, KFC, and Pizza Hut. These chains do not inspire Asians about our premium product ranges featured at every supermarket.

Too Big to Ignore

Asia's population is young and too big to ignore! China and India are the worlds two most populous countries, with around 1.4 billion citizens each. Indonesia, Japan, Philippines, Pakistan, Bangladesh, and now Vietnam all boast populations surpassing 100 million. For most companies, it is time to admit that the current approach to marketing to Asia has not created significant and sustainable business relative to the enormous potential. Now is the time to consider new strategies to tap into the most attractive growth opportunity on the planet.

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Asia Success Recipes

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Asia Best Practices – Local Flavors

Brands like Oreo and Pringles succeed by adapting to meet preferred taste profiles. Would you be open to trying Pringles Crab, Seaweed or Raemen Noodle options? How about Oreo flavors such as Wasabi, Red Bean Cake, or Lychee? Andros extended their Bonne Maman category knowledge in preserves to a new brand called GuoLeShi fruit purée. Market research and consumer testing can reveal innovations more suitable for appealing to Chinese consumers taste palates. Another source of revenue may be introducing Asian variants of your product to your home market. This creates product news and may position your company as on trend to young consumers looking for more adventurous food choices.

E-Commerce

China e-commerce represents twenty percent of total retail sales of consumer goods according to Fung Business Intelligence. This figure surged sixteen percent in 2019 and is expected to further accelerate in 2020 due to reaction to the corona virus outbreak. South Korea and other countries are leaders in e-commerce development. Brand owners may elect to execute an e-commerce only strategy in Asia, skipping expensive listing fees and in-store marketing requirements. Today, there are sales organizations and marketing agencies dedicated to the e-commerce channel.

M & A Beachhead

“If you can’t beat them, buy them.” One strategy is to acquire a local participant in your category. Leverage their existing infrastructure, route to market, and production facility to launch your own premium brand. An interesting alternative is to purchase (or invest) in a manufacturer in Malaysia or Philippines and use that as a launch pad into other Asian countries. Inter-Asia trade in the food business is booming, significantly outperforming European and USA exporters. Warning! We all recognize the perils of acquiring companies in China and India.

Foodservice – Window to the World

Western brands normally focus market entry on modern trade retail channels, especially supermarkets. Consideration should be given to early marketing activation in the foodservice segment. This creates awareness of your brand and food pairings in an authentic environment. This plan may include promotions at restaurants specializing in your cuisine or five star hotels that feature special nights dedicated to world food.

Help Wanted – Your Team

CEOs speak of the importance of Asia, then assign one manager from the head office to manage the entire region. Winning requires advance investment in local teams, even when working with distributors. Regional managers in expat friendly spots like Singapore, are now supplemented by country managers in more affordable locations like the Philippines and Indonesia. China success is directly proportional to your investment in multi-functional professionals based in Shanghai, the primary commercial hub for our industry.

Costco Success Story

Costco appears as an important market factor in Japan, S. Korea, and Taiwan. Costco maintains 26 clubs in Japan, 16 in Korea, and 13 in Taiwan, representing some of the top performers systemwide. Costco’s Shanghai store surpassed optimistic expectations, with more than 240,000 paid members in the first six months of operation. USA brands may consider a partnership with Costco International as a new source of revenue. This minimizes complexity, but may provide retailer pricing issues later, if you decide to expand to other market customers.

Good Morning Vietnam

Vietnam’s population should exceed 100 million this year. GDP is projected to continue to grow around seven percent. Many industrials are shifting production to Vietnam due to lower labor costs and to avoid tariffs associated with the USA-China trade war. The Vietnam retail environment is evolving quickly. Start now, before it’s too late!

Japan Gourmet Channel

A gourmet and specialty retailer channel has emerged in Japan featuring more than 2,000 stores. These retailers specialize in premium food brands, many from overseas. Their marketing position is to offer high quality European and USA brands not available at traditional supermarkets. These chains include Kaldi, Seiju Ishi, and Meidi-Ya. Japan is receiving new attention in 2020 due to the popularity of this channel which serves as a gateway to Japan’s population of 126 million affluent citizens.

Think Malaysia & Taiwan

Historically, exporters targeted wealthy expat bases such as Hong Kong and Singapore. Today, these are considered small, mature markets, with heart stopping cost of entry and brand building fees. As an alternate, consider Malaysia with 32 million people and Taiwan with 24 million.

India – Co-Pack?

India is difficult to penetrate for all exported brands. Regulations, tariffs, and supply chains designed to protect 10 million small shop owners all appear as significant barriers to entry. One solution is to pursue an Indian co-pack operation or partner. This allows you to localize input costs and offer more competitive price points. Your manufacturing partnership must include direct technical oversight to insure compliance with your company standards. India is not easy, but following the traditional export model will not allow you to capitalize on this enormous opportunity.

South Korea – Often Bigger than BRICs

2019 USA confectionery exports to South Korea ranked fourth in the world, exceeding China and India combined. South Korea is open for business, with strong retailers such as E Mart and Lotte. Export Solutions tracks 134 distributors in our South Korea database.

Export Solutions Can Help!

Export Solutions is active in Asia, with distributor search projects across every major country in the region. Our distributor database covers 1,948 distributors across 17 Asia Pacific countries from Australia to Vietnam. Contact Greg Seminara at gseminara@exportsolutions.com to discuss your Asia development plans.