Valoisten kesäöiden ja keskiyönauringon kasvattamaa Sinulle - Liiketoimintamallin konseptointi A72720

MARKKINATUTKIMUS Asia Sales Channels Ltd

Asia Sales Channels Ltd.

Test Drive in Hongkong for Lapland Bilberries

Date: 26th October, 2018

Annie Wang

Executive Summary

- The objectives of the text drive in Hong Kong are to collect sufficient feedback from consumers and industry experts on product acceptance, packaging, pricing and buying preferences for the client to form the Go-No-Go decision in Hong Kong.
- The text drive is conducted with the combination of a quantitative consumer survey with 76 respondents that are Chinese-speaking and 18 respondents that are English-speaking, from the age groups between 18 to over 55.
- The qualitative survey was conducted with the purchasing team in fresh foods of City'super, an upscale supermarket chain with presence in Hong Kong, Shanghai and Taiwan, Smartview Development (HK) Limited, importer and distributor of health and organic products in Hong Kong, Executive Pastry Chef Jean-Marc Gaucher of The Mira Hong Kong, and Mr. Joakim Heino, former importer and distributor of frozen berries in Hong Kong.
- The quantitative consumer survey was implemented by Smartview Development (HK) Limited with their existing network of consumers. The qualitative survey was conducted by D'Evenitif Company Limited amongst carefully selected audience from the HoReCa industry experts, in compliance with the requirements stipulated in the proposal of Business Development for Kolari Municipality in Asia.

Key Market Facts of Hong Kong

Overview

- There has been a positive growth trend forecast to continue especially for the products that resonate with a healthy, sustainable lifestyle increasingly in demand by consumers in Hong Kong since 2015, with the top food and beverage imported commodities being fresh or dried fruit and nuts category (US$3.73 billion). According to Business Sweden on food and beverage trends, this increasing trend in Hong Kong towards the consumption of healthy, quality, functional and organic foods can be explained with regard to the factors of demographics changes, busy lifestyles, food safety incidents to name a few. In particular, ageing populations and a rise in health consciousness are creating a receptive environment for products that aid the “maintenance” of health. In 2015, the food and beverage retail sales grew by 3.5% with a rising number of customers that prefer packaged food because of the product quality, nutritional value, convenient packaging and usage.

Retail Players

- Two grocery chains have the most outlets and selling space in Hong Kong and account for about 75 percent of the revenue. Dairy Farm International Holdings remain the leading leading grocery retailer with its Wellcome supermarket chain, holding a retail value share of 24%. The supermarket chains that target primarily wealthy customers are Market Place by Jasons, City’super and Oliver’s The Delicatessen. Those that focus on the middle class income group and more local oriented are AEON stores, YATA, SOGO and Apita (former UNY). Supermarkets such as City’super welcomes direct export. Branded products that sell direct to supermarkets may be required to provide exclusive sales rights for the products in Hong Kong. In this case, expensive slotting fees may be waived.

Key Market Facts of Hong Kong

Continuing Growth of Berry Products/Supplements

- Euromonitor report indicates that berry supplements have been enjoying a relatively high growth rate compared to other reviewed health products including milk thistle, fish oil, squalene, royal jelly and others. The retail sales volume of berry supplements grew from HK$67.9 million to HK$88.5 million between 2010-2014, with the compound annual growth rate (CAGR) of 6.8%. Hong Kong consumers regardless of age and gender, berry products are estimated to enjoy a healthy rate of growth and reach a retail sales value of HK$128.6 million in 2019.

- Berry health supplements can be further categorised by the type of the berries, such as cranberries and bilberries. The most popular and recognised berry product would be bilberries for its benefits for the eyes. Bilberry products have seen significant growth across major brands. The broad base of consumers includes children, adults and elderlies.

Competition

- Considerable resources and time are required to build the brand and reputation to reach new consumer segments or convince existing customers of the product benefits as existing brands in the market that are present for a longer period of time have established their reputation and distribution channels. The high number of brands with various product ranges have rendered the health supplement market highly competitive. Major brands compete on advertising, often with the endorsement of a local celebrity, promotion campaigns, and network distribution. Pharmanex, Vita Green, USANA and Organic Nature are considered the most established health supplement brands in Hong Kong.

Results of the Quantitative Consumer Research

- Product acceptance
  - All the 76 respondents of the Chinese survey and 18 of the English survey reacted positively or neutrally to the freeze-dried bilberries from Lapland regarding the context and the origin. 75% of the Chinese survey participants considered the quality and the health properties of the product high or very high, while more than half of the English survey participants considered them to be high. There has been no negative reaction at all from the English survey. The names of the product that resonate best according to the survey are “Nordic Wild Bilberries”, “Lapland Wild Bilberries”, “Arctic Wild Bilberries” and “Northern Light Arctic Wild Bilberries”. The ranking of the names with the word “blueberries” has been quite low.
  - More than 90% of the Chinese-speaking interviewees and 70% of the English-speaking group would base their purchasing decision on the health values and properties of the product. Although 49% from the Chinese survey reacted neutrally to the question on their need on freeze-dried bilberries, a similar 47% expressed that there is a need on the product. More than 50% from the English survey shared the same demand. The number of participants that has expressed their interest to purchase the product reaches 90% in the Chinese survey if it would be available in the market today. 50% from the English survey, however, indicated that it is either unlikely, or very unlikely for them to buy the product.
- Packaging
  - More than 70% of the respondents, both English and Chinese-speaking, preferred the freeze-dried berry form, rather than the powder or the liquid form, which corresponded to the consumption pattern that the majority of the participants would consume the freeze-dried bilberries straight from the package. There is a 10% from both language groups that would consume the product as a drink while 15% from the Chinese survey and 28% from the English counterpart would defrost and mix with cereal or yoghurt etc.

Results of the Quantitative Consumer Research

- Pricing
  - 66% and 77% from the English and Chinese-speaking group respectively are ready to pay a premium price, which is above HK$50 for a package with the current size and content. The survey result of more than 10% and close to 20% of the English and Chinese-speaking respondents respectively that are willing to pay 25% more has been attained.
- Buying preferences of consumers (online, specialist shops, food retailers etc.)
  - A significant 89% and 72% from the English and Chinese survey respectively opted for supermarket outlets as the preferred choice of location for them to purchase the product. The next preferred options are health shops as well as specialty gourmet stores. Only a tiny portion from the Chinese survey picked online shops and yoga/fitness clubs. None of the respondents from the English survey picked these choices.
- Heath snacks vs. Health supplements
  - According to the English survey participants, 50% would purchase the product as a health snack, with a 33% considering the product to be a health supplement. In the Chinese survey, 59% sees the product category as a health snack, and 37% as health supplement.

Results of the Qualitative Industry Experts Research

- Product acceptance
  - According to the interviewees, freeze-dried bilberries can be considered a whole new product in Hong Kong. The product itself differentiates from the freeze-dried blueberries which are already available in the market. Both City’super and Smartview Development echoed the fact that freeze-dried bilberries contain health properties that are not found in blueberries. Smartview Development pointed out even further that in the Chinese language, bilberries （山桑子）and blueberries （藍莓） are named completely differently, with the Chinese version of bilberries indicating that they come from the wilderness. According to Executive Pastry Chef Jean-Marc Gaucher, The Mira Hong Kong, it is the first time that he has seen the ruby red colour dissolving into the water from the freeze-dried bilberries with the intensity of the flavour which is absent in the blueberries currently in use. With the R&D conducted on the freeze-dried bilberries, there is the possibility of developing the sales channels amongst the HoReCa segment in Hong Kong. He concluded that the freeze-dried bilberries are considerably more interesting than blueberries. Mr. Joakim Heino, former importer and distributor of frozen bilberries from Finland, suggested that the freeze-dried bilberries are even better than the organic berries thanks to the pristine organic environment of Lapland.
  - All the interviewees have emphasised the importance of education towards the local market when introducing this completely new product. Although the interviewees could distinguish the bilberries from blueberries in terms of the colour of the pulp and the intensity of the taste, one of the challenges in faced with the freeze-dried bilberries is for the B2C consumers to understand that the wild bilberries are not the same as blueberries. Creating the demand needs long-term engagement and investment with a combination of offline and online advertising, in-store promotion campaigns together with media coverage. In this regard “bilberries” is a preferred option for the product name which sets it apart from bush blueberries from other parts of the world.

Results of the Qualitative Industry Experts Research

- Packaging:
  - Smartview Development, Chef Gaucher and Mr. Heino communicated the importance of showcasing the natural landscape where the Lapland bilberries come from. To all the interviewees, the size and the material of the current packages are optimal. Smartview Development provided one suggestion that it is not necessary to showcase the physical appearance of the bilberries on the packages to avoid pre-conceived connection with blueberries. City'super, during the interview, associated the freeze-dried bilberries with Finland, the midnight sun and northern lights, which resonate with the landscape and the environment. Chef Gaucher has found the word “Arctic” attractive, as he pointed out in the interview that Finland is considered to be exotic in Hong Kong, which has given a new marketing angle on the package design.
  - Besides the showcasing of the natural environment, Smartview Development found it vital to communicate the benefits of freeze-dried bilberries as superfoods or health supplements visually. Story-telling on the wild bilberries as well as the benefits backed by scientific findings are recommended for packaging design with the focus on anthocyanins as the catchword to use.
- Pricing
  - Pricing, according to City'super, can be within the premium price range. The price will depend considerably on marketing strategies and packaging, suggested by Smartview Development. The decision to determine whether to brand the freeze-dried bilberries as health supplements or snacks will have an impact on the price as well. As a new kind of superfoods for the local market, the recommended price ceiling for a pack of freeze-dried bilberries is HK$50 with the current size of the package, as suggested by Mr. Heino.
  - So that the freeze-dried bilberry products would appeal to a wider audience in Hong Kong, it has been suggested that different product lines such as a course of freeze-dried bilberry intake with small packages, bilberry powder with added sugar and sweeter heath shots or drinks could be explored for consumers from different age groups. What would need to be aware of would be the addition of costs due to packaging design and production.

Results of the Qualitative Industry Experts Research

- Buying preferences of consumers (online, specialist shops, food retailers etc.)
    - Both online and offline promotions are considered equally crucial for market entry according to the interviewees. Videos on how to use the freeze-dried bilberries for smoothies, salad, ice-cream and muesli, for example, can be displayed on the company website. If outdoor advertising would be regarded as too costly as promotion, social media promotion with influencers and lifestyle journalists are suggested as alternatives. With regard to the counter sales and digital channels, it has been recommended that the products would become available in health stores and online shops, premium supermarket outlets, as well as yoga and wellness centres with a bigger package design with 1-5kg.

Conclusions and Recommendations

- The Hong Kong market reacts positively to bilberry supplements for the recognised health benefits for consumers across age groups. For the freeze-dried bilberries, a health snack as the positioning of the product is recommended vis-à-vis a snack which seems to lose the resonance with the health properties or a health supplement which is a market that has been dominated by well-established brands. The convenience and ease of consuming the freeze-dried bilberries straight from the package as a health snack for the health benefits provide a precise standing as the key message from the product.
- Packaging and marketing campaigns with a well-defined long-term marketing and investment strategy are vital to the success of the product. Bilberry is a much preferred product name over blueberry, together with graphic and written connotations on Northern Europe, Arctic and Lapland, this helps to create the foundation of a new product category and arouse the interest of consumers to learn more in-depth about the product. In-store promotions and long-term marketing promotions are needed to capture the market segment with a market for health products which is ready to purchase the freeze-dried bilberries at a premium price.
- Freeze-dried bilberries in a pack is the most preferred product form compared to a bilberry drink or bilberry powder. Yet, gift sets with different product types can be explored as a wider product selection at a premium price to introduce progressively the drink and the powder form to the consumers based on the receptive reaction from the interviewees towards bilberries that enjoy a positive and healthy image.

Conclusions and Recommendations

- The retail points of sales remain the most popular choice for potential customers to purchase the freeze-dried bilberries. The premium quality of the product itself is suggested to be the prime focus in product communication which can be further enhanced in collaboration with the more upscale supermarket chains that serve the clientele from the affluent and middle-class income groups. The reaction from both the B2B and B2C potential customers are highly positive. It is recommended for the freeze-dried bilberries to be distributed in retail outlets through either direct export or a reputable importer. Concurrently, R&D with the HoReCa sector is recommended for creating sales in volume in the long run. However, more berry varieties other than bilberries are required for the HoReCa segment.
- With the receptive environment and consumer reaction towards the freeze-dried bilberries in Hong Kong that have been identified as a high quality premium product, designing the branding and marketing materials that correspond to the premium nature of the product in conjunction with conducting a partner search in distribution would be the recommended immediate next steps to take to enter the Hong Kong market.

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Date: 25th October, 2018

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Market Pre-evaluation in Singapore, Japan and South Korea for Kolari Municipality

5.10.2018

Jari Hietala, CEO & Founding Partner

About Food Business in Singapore

- The food retail sector in Singapore is developed and competitive. Stores are divided into large retailers, convenience stores, traditional stores and specialty. The market is concentrated and three main players dominate: NTUC FairPrice Co-operative, Sheng Siong Supermarket, and Dairy Farm International. Of these main players, especially NTUC and Cold Storage could be of interest, as they cover the medium- to high-income customers. The specialty and gourmet stores could also be of interest.
- NTUC Fairprice holds the largest market share and tries to cover all customer segments from low to middle income. Some stores, such as Fairprice Finest, try to cover the higher segment and might for this reason be of interest, as they cover a more international range of products. Sheng Shiong also targets low income consumers, and sources the majority of its products from Southeast Asia and China, which it why it was not considered in this report despite its market share.
- Dairy Farm operates Cold Storage, Market Place, and Giant. These three cover different customer segments: Cold Storage the middle-high income, Market Place the high-income and Giant middle and lower income with its hypermarkets. Of these three, Cold Storage and Market Place are the ones with the most international selection of products.
- Opportunities: food imports account for 90% of demand
- Challenges: As Singapore's market is attractive (open and profitable) it is also highly competitive and distributors are the actors having the most negotiating power in the chain.

- Please see a separate report on Singapore Food Business

About Food Business in South Korea

- The Republic of Korea (formerly South Korea) imports approximately 60 to 70 percent of its food and agricultural products.
- The organic food market is anticipated to grow to $6 billion by 2020, after an average growth rate of 50 percent from 2006—2011. In 2011, organic food represented 10 percent of the total agricultural products market in Korea.
- The Korean food retail sector encompasses a wide variety of channels, including hypermarkets, grocery supermarkets, online retailers, convenience stores, department stores, specialty stores, street markets and small family-owned shops. Top retailers are integrated across nearly all retail channels by selling via supermarkets, online stores, department stores, convenience stores and other channels.
- Large discount chain stores are the most popular place to get organic products. About a quarter of organic products are sold through National Agriculture Cooperatives Federation Hanaro Mart and clubs. Organic specialty stores, such as Orga Stores, which are a subsidiary brand of the major Korean food conglomerate Pulmuone, have about 11 percent of the organic market.
- According to Euromonitor, retail sales in the packaged food market in Korea had been estimated to reach nearly US$21.7 billion in 2017. That represents a slight decline of -0.6% or US$132.3 million since 2013. Korea remains the 5th largest packaged food market in the Asia Pacific region and is now the 17th largest market in the world. By the year 2022, the retail sales in the packaged food market in Korea is expected to increase 5% to US$22.9 billion, or over US$1.1 billion.
- Grocery supermarkets were the leading retail channel for food products in the sector with an estimated US$29.6 billion won of food sales in 2016, followed by hypermarkets US$25 billion. However, in terms of growth, on-line retailers marked the highest, 84% percent growth of food sales between 2014 and 2016, followed by convenience stores (53.5%). Considering increased consumer demand for convenience and value, on-line retailers and convenience stores are likely to lead the growth of food sales in the Korean retail sector in the coming years. On the other hand, hypermarkets and department stores are expected to see stagnant food sales growth not only due to escalated competition from on-line retailers but also because of limited room to build new stores in the market. Small-scale, family-oriented grocers and traditional street markets continue to see reduced food sales.

About Food Business in South Korea

- The Korean market is concentrated. According to Nielsen (2016), the market share per main type of outlets are:
  - Online sales - 18% of the market share
  - Hypermarkets - 14% of the market share
  - Department stores -10% of the market share
  - Mom and Pop stores - 10% of the market
  - Convenience stores - 7% of the market
- Korean retailers in general rely heavily on independent importers or middleman distributors for imported food products. Although leading players are making increased efforts to expand direct imports from foreign suppliers for lower cost and improved product assortment, their current attention is mainly targeted on a limited number of large volume products such as fresh fruits, livestock meat, and seafood.
- Korea maintains a strong food processing industry that manufactures a wide variety of processed food products and food additives. There were over 26,000 food processing companies in Korea as of 2015, which generated roughly US$47 billion of sales, up 8% from the previous year. Alcohol beverages and non-alcohol beverages were the leading categories produced by the Korean processors as of 2015, followed by snacks, bread & bakery products, and coffee & tea. In terms of growth, health functional foods, coffee & tea, snacks led the way in recent years.
- Large food processing companies often prefer to purchase from local importers, agents or distributors when the quantities they require are small. These large companies generally tend to buy food ingredients directly from overseas suppliers when their supply quantities become large.

About Food Business in South Korea

Advantages for Finnish suppliers of Food Products in the Korean Market Include:

- Korea is an emerging market where new ideas and trends are eagerly tried and accepted
- Local processing, retail, and food service industries continue to expand
- Consumers generate more diversified and sophisticated demand for food as their income level continues to rise
- Korea by nature depends heavily on imports to satisfy its food and agricultural needs
- Consumers maintain strong attention to new international food and consumption trends as they are further exposed to foreign food culture
- Korean consumers pay extra attention to the value, quality and safety of food that they consume
- Many consumers recognize the Scandinavia and Finland as a trusted origin of quality agricultural products

Challenges for Finnish suppliers of Food Products Include:

- Korean consumers are generally biased toward locally produced agricultural products - Many consumers still maintain an idea that local products are superior in quality and safety over imported products
- The high cost of shipping, documentation, inspection and labeling deteriorates price competitiveness of imported products
- Recent economic challenge has heightened value concerns among the general Korean consumers
- Finnish products face elevated competition in Korea from both old and new competitors who are deploying aggressive export promotions targeting Korea
- Imported products are subject to complicated labeling and food safety standards in Korea, which change frequently with limited lead time

About Food Business in Japan

Japan is a market, with a large consumer base that is willing to pay high prices for specialty seasonal imports. Japan is a trend setter in many areas and can be a gateway to other markets in Asia. Japanese consumers are renowned for placing enormous importance on consuming food that is both safe and of high-quality, and they perceive Finland as a country that produces food with these characteristics. The Japanese put a high value on long-term business relationships which need to be built and understood, given that there are significant cultural differences with Finland when it comes to doing business.

Trends and opportunities include:

- Ageing demographic: Japan’s ageing population and rising single person households is increasing the demand for food products such as ready-to-eat meals.
- Unique products: Wholesalers look for products that are ‘interesting’ for consumers. ‘Unique’ and ‘high quality’ attributes are seen as strong selling points and are often used in marketing strategies.
- Seasonal gifts: There is a strong gift culture in Japan around seasonal events such as Valentine’s Day, Christmas, New Year and Obon. Opportunities are open for food products that can be tailored to meet this seasonal demand.
- Natural products: The natural and organic market continues to gradually expand, opening up new opportunities. The emphasis is on natural ingredients which minimise additives and preservatives. Nordic products in this area remain well regarded in terms of quality. However, competitive pricing remains a challenge..
- Health food: Demand for healthy food is increasing due to an ageing and more health conscious population. In response, Japanese manufacturers are focusing on healthy, functional and anti-ageing products.
- Growing cities: There is a growing demand for high quality, gourmet and uniquely packaged food products in some of Japan’s major cities. For example, as Japan’s overall population continues to decline, Tokyo’s population is expected to expand.

Opportunities include:

- products with a shelf life of 12 months or longer
- products that have traceability
- products that can be adapted and tailored to suit Japanese buyers’ specifications.

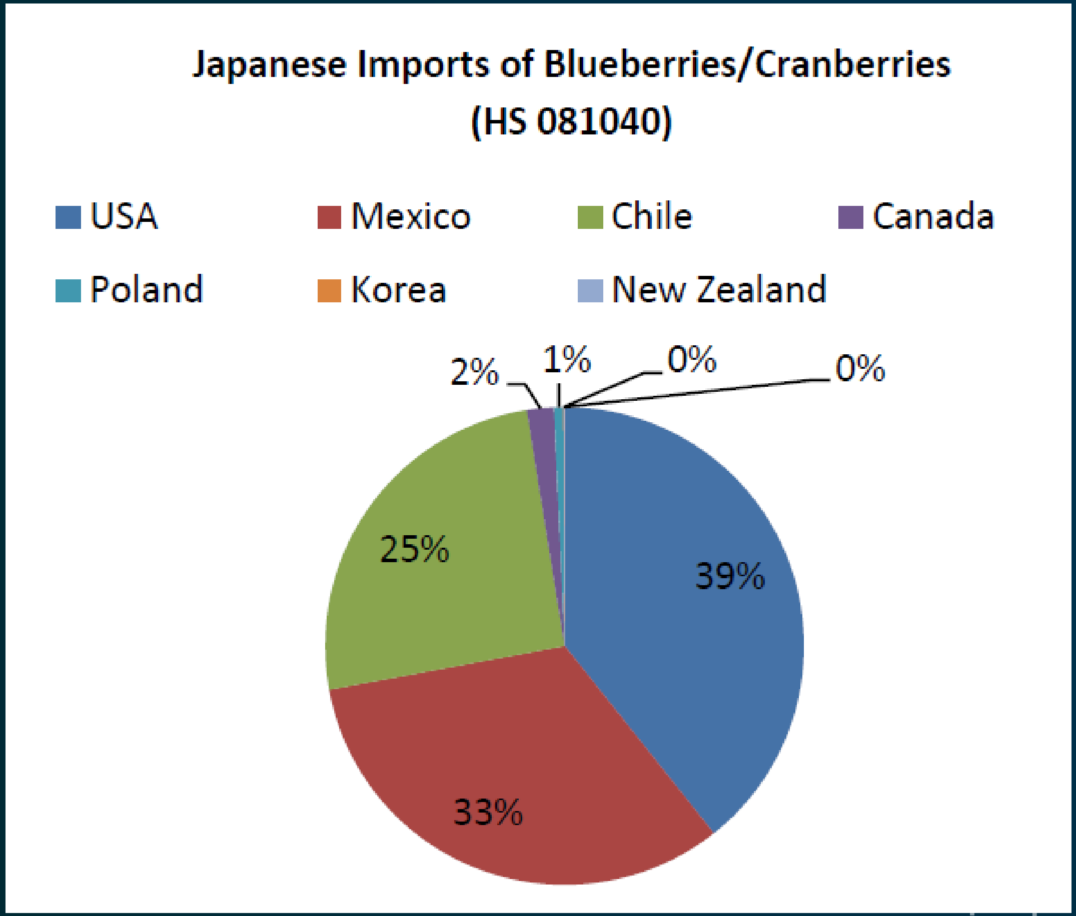
About Food Business in Japan

- The Japanese market is dominated by a small number of local wholesalers. Manufacturers and importers have historically used these wholesalers to distribute products to Japanese retailers and consumers.
- The traditional distribution channels for food are multi-layered and relatively complex with personal, historical and financial relations playing their part in the decision making process.
- Distribution channels are becoming simpler, as small to medium sized wholesalers merge to achieve economies of scale or bypass importers. Each product in the food and beverage industry has its own specialised wholesaler. It is important to investigate the market, competition, regulations, and available channels to determine the best route to distribute your products.
- JAPAN IS THE THIRD LARGEST IMPORTER OF FRESH BLUEBERRIES AND CRANBERRIES IN ASIA PACIFIC
- Blueberries are well-known as products and ingredients in Japan, and Japanese customers are particularly familiar with North American wild blueberries. Although wild blueberries have historically been the most popular type of blueberry imports, there is increasing interest in cultivated blueberries due to their cheaper price. Blueberries are mainly used for jam, but also for dairy products such as yoghurt and ice cream, beverages, snack bars, and bakery products. There is also a market for dried berries.

Asia Sales Channels Ltd.

About Food Business in Japan

Import statistics from 2016



- From 2012 to 2016, 640 products using blueberries as an ingredient were launched
- 69% of product launches were new products, variety, and range.
- Japan's innovation in food has produced blueberry gummies containing collagen and vitamin c, that claim to support beauty from within
- Japanese companies are launching an average of 130 blueberry products per year

About Food Business in Japan

Growing interest in naturally healthy foods

- Growing claims:
  - No Additives/Preservatives
  - Low/No/Reduced Sugar
  - Beauty Benefits
  - Low/No/Reduced Sodium
  - Low/No/Reduced Allergen
- Declining claims:
  - Low/No/Reduced Fat
  - Low/No/Reduced Calorie
  - Vitamin/Mineral Fortified
  - High/Added Fiber
  - Wholegrain

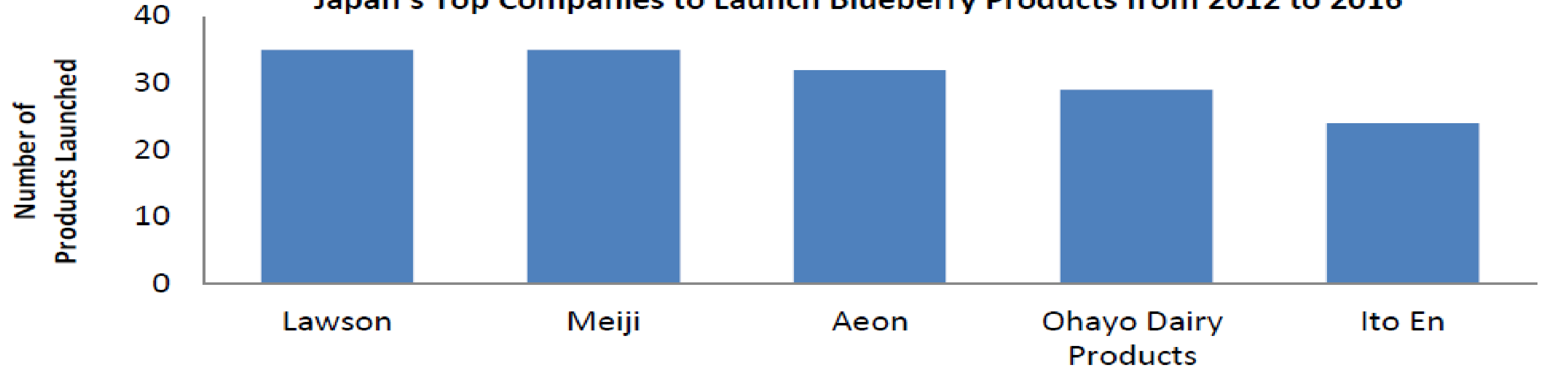
Increasing focus on convenient packaging

- Top package type:
  - Tub
  - Flexible
  - Carton
  - Bottle
  - Flexible stand-up pouch
- Top packaging material:
  - Plastic unspecified
  - Board plastic lined
  - Metallised film
  - Plastic polypropylene (PP)
  - Plastic polyethylene terephthalate (PET)

About Food Business in Japan

JAPANESE COMPANIES ARE LAUNCHING AN AVERAGE OF 130 BLUEBERRY PRODUCTS PER YEAR[2]

Japan's Top Companies to Launch Blueberry Products from 2012 to 2016



GROWING INTEREST IN NATURALLY HEALTHY FOODS[2]

Growing Claims

1. No Additives/Preservatives
2. Low/No/Reduced Sugar
3. Beauty Benefits
4. Low/No/Reduced Sodium
5. Low/No/Reduced Allergen

Declining Claims

1. Low/No/Reduced Fat
2. Low/No/Reduced Calorie
3. Vitamin/Mineral Fortified
4. High/Added Fiber
5. Wholegrain

INCREASING FOCUS ON CONVENIENT PACKAGING[2]

Top Package Type

1. Tub
2. Flexible
3. Carton
4. Bottle
5. Flexible stand-up pouch

Top Packaging Material

1. Plastic unspecified
2. Board plastic lined
3. Metallised film
4. Plastic PP
   Plastic PET

About Food Business in Japan

Factors of consideration

- Japanese companies are increasingly concerned about the cost of wild blueberries versus cultivated blueberries
- Whether exporters are seeking to export bulk blueberries or processed products that contain blueberries, Japanese customers will consider price (both the price itself and ability to supply at a consistent price over time), ability to supply consistently and to meet orders, packaging and overall look of the products, and willingness to adjust package sizes and labelling as required for the Japanese market.

Recommendations for entry

- Retailers or food processors will typically source from a Japanese importer/distributor, rather than import directly. Exporters should be aware of this and be prepared for the need to find an importer/distributor for their products.
- Fresh/frozen/dried blueberries require a phytosanitary certificate from the Inspection Agency and are subject to inspection by Japanese authorities under the Plant Protection Act.
- Fresh/frozen/dried/processed products must conform to the basic requirements of Japan’s Food Sanitation Act, and processed products must also conform to regulations related to food additives

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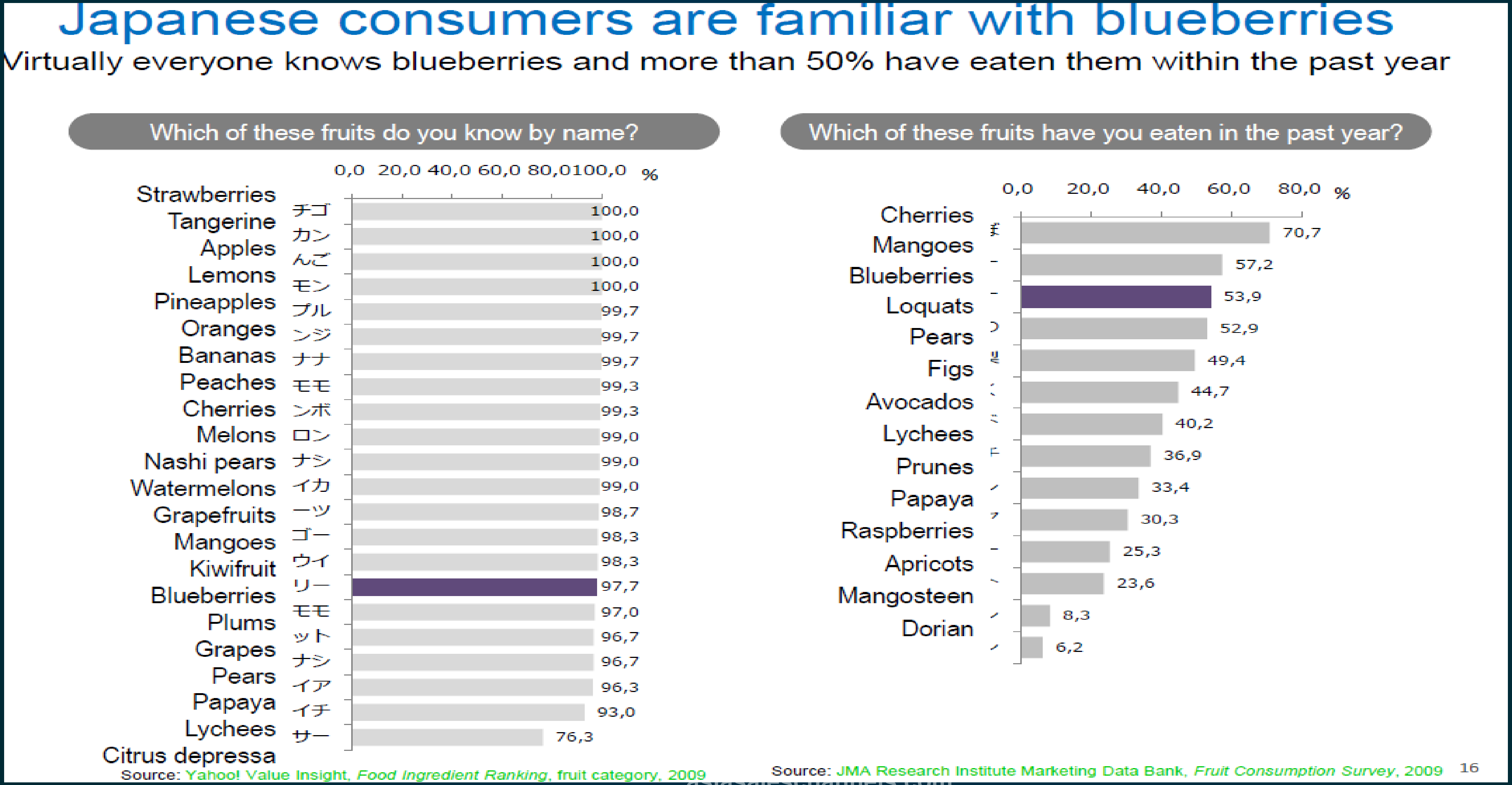
About Food Business in Japan



How much Frozen Blueberry Japan has been importing
= Japan Custom Data =

Japan Custom Data Frozen berry (no sugar added) Blueberry Raspberry

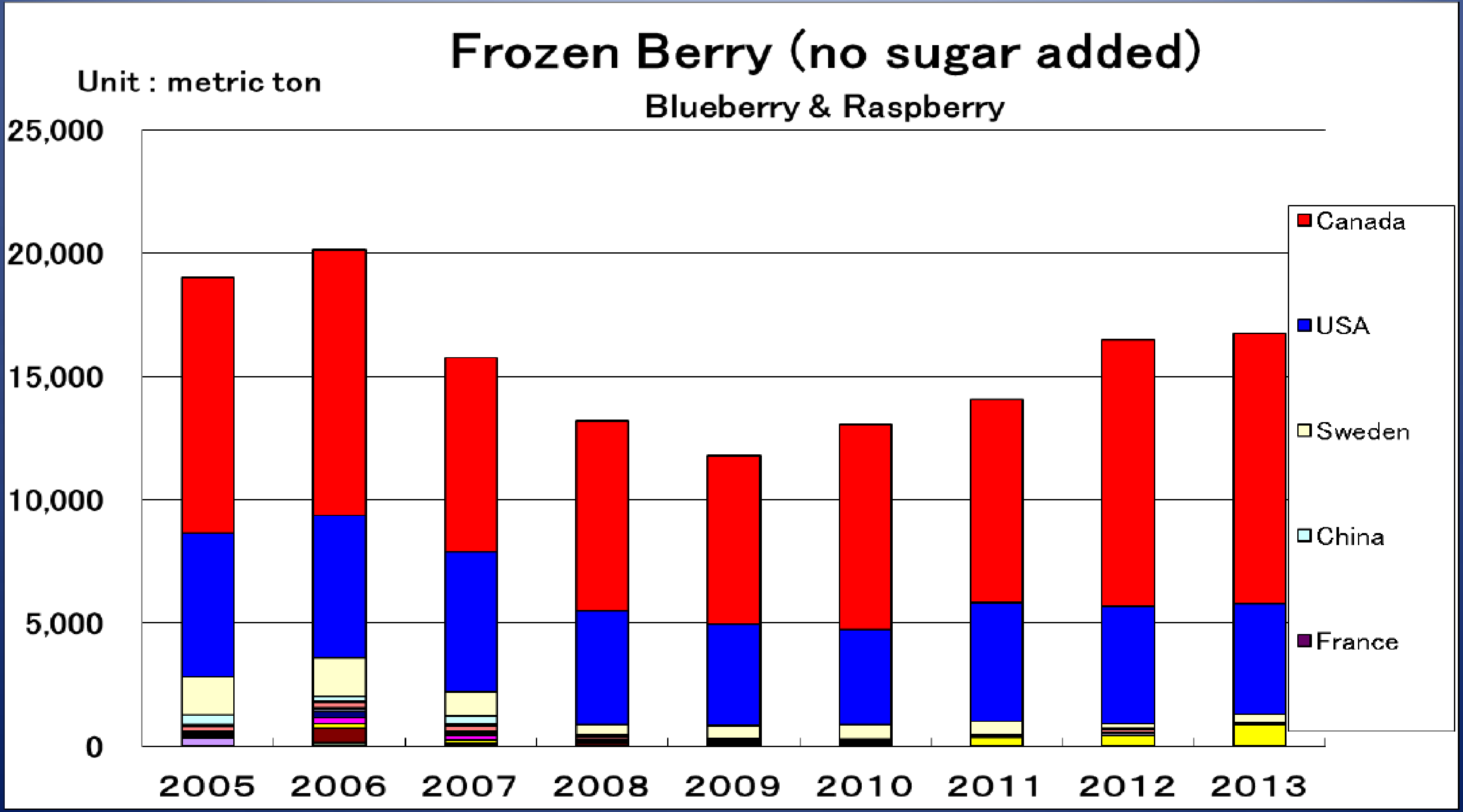
Code 081190230 Frozen Berry, No sugar added, Not cooked

	2005		2006		2007		2008		2009		2010		2011		2012		2013	
From	Kg	CIF yen	Kg	CIF yen	Kg	CIF yen	Kg	CIF yen	Kg	CIF yen	Kg	CIF yen	Kg	CIF yen	Kg	CIF yen	Kg	CIF yen
Canada	10,357,285	@356	10,779,791	@482	7,866,872	@606	7,668,210	@553	6,827,715	@359	8,273,677	@280	8,249,867	@365	10,805,217	@411	10,931,982	@437
USA	5,836,880	@368	5,786,636	@487	5,663,270	@598	4,643,303	@545	4,121,870	@363	3,883,048	@296	4,781,315	@366	4,752,165	@411	4,474,944	@428
Sweden	1,550,730	@326	1,547,760	@388	971,160	@641	378,950	@511	496,910	@442	559,180	@335	545,100	@489	200,845	@495	351,370	@441
China	406,589	@332	207,034	@436	338,476	@529	97,600	@590	88,200	@293	75,546	@249	33,505	@342	8,230	@413		
France	45,997	@675	47,729	@760	52,338	@967	36,067	@990	38,042	@741	20,963	@616	15,160	@491	18,242	@489	14,209	@650
Finland	184,600	@319	220,150	@466	218,200	@682	81,470	@471	64,914	@504	7,000	@488	24,160	@444	120,960	@483	48,005	@502
Poland	21,260	@561	28,100	@750	26,502	@935	26,381	@888	24,078	@687	45,471	@550	32,098	@560	27,392	@616	30,164	@824
Latviya	50,000	@279	124,000	@476	75,000	@628			25,000	@326	100,000	@295			100,000	@351		
Lithuania			241,875	@402	100,000	@651			25,000	@399			25,000	@487				
Ukraine	39,975	@291	259,500	@528	180,950	@611	19,900	@578	20,000	@565								
Chile	88,624	@297	178,080	@443	146,655	@567	74,339	@505	54,851	@279	67,265	@313	346,011	@363	415,793	@331	869,089	@366
New Zealand	4,500	@622	6,490	@613	2,000	@394			3,698	@408					420	@533	3,000	@435
Netherlands					3,320	@796	1,021	@706										
Russia	49,008	@280	568,950	@542			108,625	@459					15,000	@704				
Serbia							5,480	@482					500	@466	1,400	@546	1,975	@693
Argentina			14,913	@474	23,397	@515	43,650	@396							21,760	@369		
Cote d'Ivoire (Ivory Coast)							1,000	@635										
Belgium	7,130	@347			2,910	@379							500	@482				
Bella Luz*	25,000	@360	135,000	@459	50,000	@635												
Germany	1,503	@593																
Spain	4,059	@481									1,932	@1525	2,934	@1489	4,954	@1353	3,098	@1804
Romania	19,840	@395																
Estonia	324,000	@310			24,150	@727												
Australia	3,800	@676																
Italia													500	@440				
Total	19,020,780	@356	20,146,008	@477	15,745,200	@607	13,185,996	@549	11,790,278	@366	13,034,082	@289	14,071,650	@372	16,477,378	@411	16,727,836	@432

Asia Sales Channels Ltd.

About Food Business in Japan

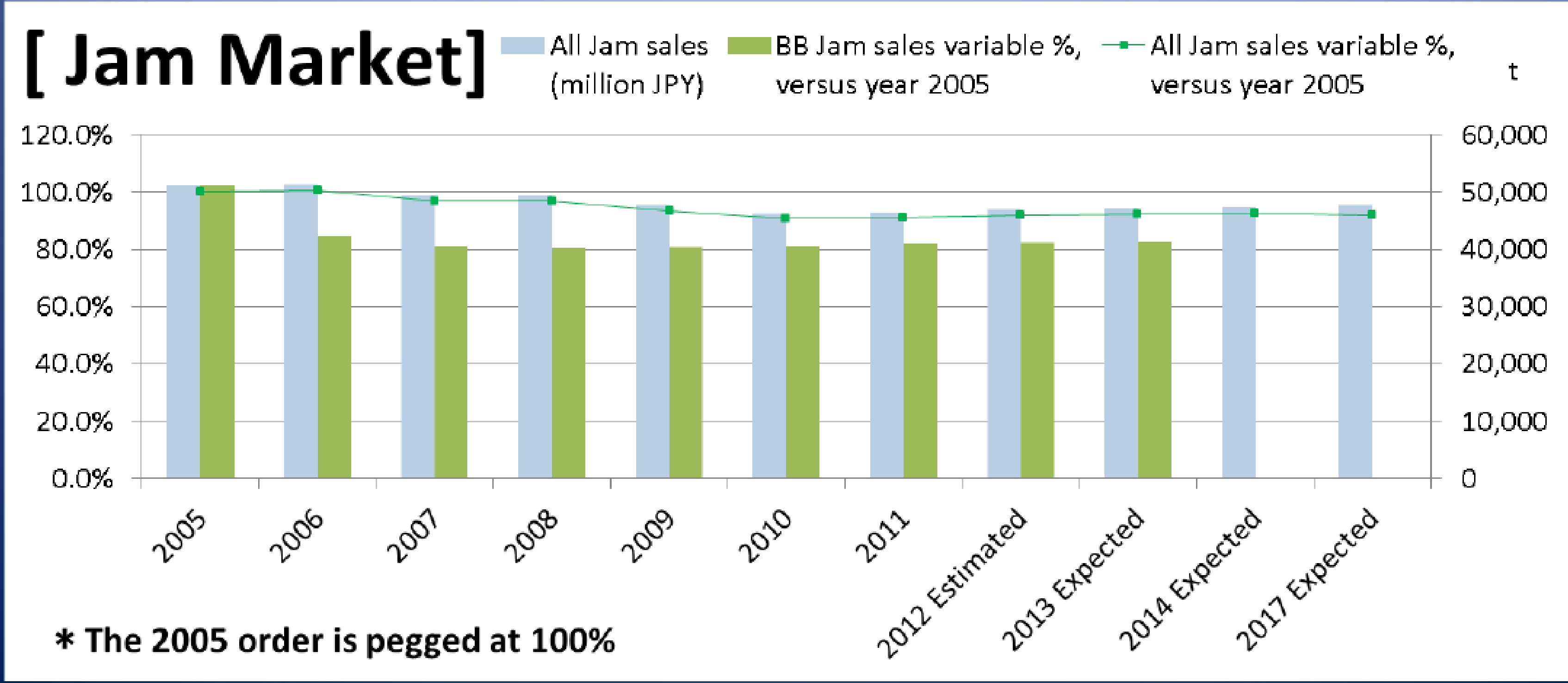
How much Frozen Blueberry Japan has been importing
= Japan Custom Data =



Asia Sales Channels Ltd.

About Food Business in Japan

Jam and Fruit-Preparation industry is still the largest user of Blueberry in Japan



Asia Sales Channels Ltd.

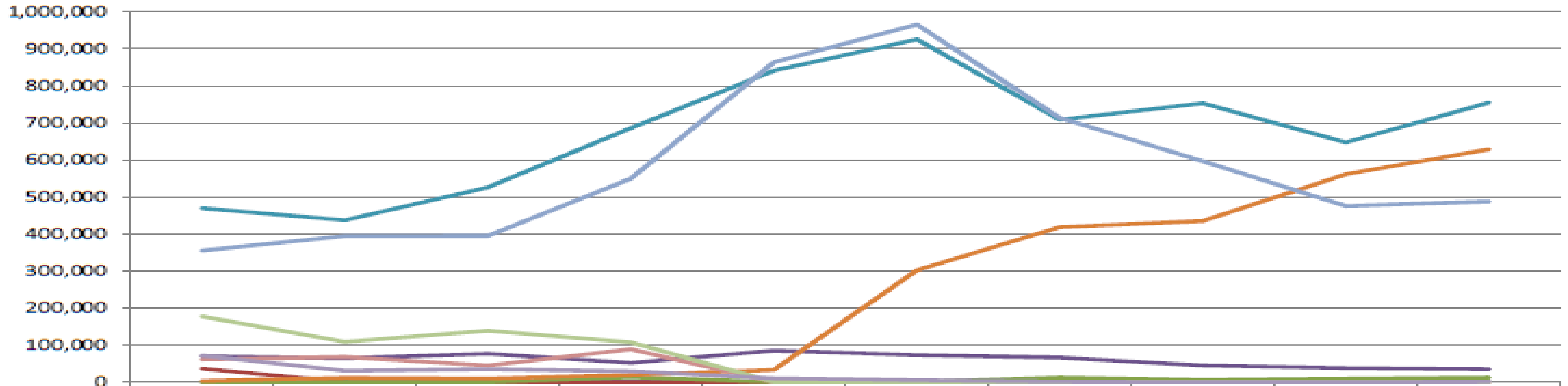
About Food Business in Japan

Blueberry Import to Japan by Country

Blueberry import from Mexico has shown a dramatic increase in the recent years, starting in 2012, when import volume from that country showed 10-fold increase from 32,698 kg (72,087 lbs.) in 2011 to 301,967 kg (665,723 lbs.). Mexican blueberry import steadily increased since, surpassing Chile in 2015 to become the second largest supplier of import blueberries to Japan.

kilograms

Blueberry Import to Japan by Country (Volume)



	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
South Korea	0	240	525	1,525	237	300	0	0	0	750
China	36,188	0	0	0	654	0	0	0	0	0
Poland	0	0	0	12,969	324	0	12,006	5,544	9,000	11,994
Canada	69,375	64,119	76,468	51,814	84,724	72,780	66,082	44,765	37,721	34,709
USA	469,463	436,931	525,831	685,904	840,903	925,482	708,570	752,751	646,984	754,381
Mexico	2,820	11,286	9,281	18,848	32,698	301,967	418,375	434,805	561,073	628,332
Chile	355,115	394,024	394,638	549,432	863,524	965,339	713,552	596,289	475,237	487,478
Argentina	61,064	67,834	44,519	88,427	0	0	0	0	0	0
Australia	177,275	108,501	138,911	107,111	0	0	0	0	0	0
New Zealand	71,622	30,574	34,767	29,028	9,864	4,844	684	0	0	684

*Only countries with more than 1000 kg imported in any given year are shown

	Singapore	Japan	South Korea
Market size	• Same level as Hongkong	• Very big	• Big
Target segments	• Health concious, high income consumers • Professional F&B industry	• Health conscious consumers. Bilberries are known by Japanese consumers to be good for eye sight • B2B- market	• Health conscious consumers. Bilberries are known by Korean consumers • B2B- market
Buying patterns	• Berries are mostly purchased from supermarkets or via online channels. • Specialist shops for food supplements/health products are quite rare and wouldn't offer big enough business potential • To differentiate from other blueberries a well formulated value prop has to be very clearly communicated in the package and through other means of marketing. • A good distributor is essential for success	• Main channel is to sell bilberries as a supplement, as a powder or tablet. • Frozen berries are also commonly found. • Sales via food supplement distributors and supermarkets or big trading houses	• 3 main channels: online (like most foreign products), tv home shopping particularly for health products and health shop in department stores (shop in shop). • Imported berries are seldom available in normal supermarkets. • Importers usually want to sell products under their own label in Korea
Competition	• Mostly from North America	• North American products as well as local blueberries have the biggest share of the market	• There is a lot of own bush blueberry production in Korea. Most important source for imports is Chile and USA. • All Finnish imports are sold as powder or juice.
Pricing	• Organic products usually have 15-70% premium.	• Japan is a high price market when compared to almost any other country. It would be very difficult to ask for additional premium price for Lapland berries	• Most imported blueberries are frozen. 0,5 l pack of blueberries costs less than 10 USD. • Premium price is difficult to get as there are many hand-picked blueberries in the market. • Average price perhaps around 60 USD for 5 kg.
Regulatory requirements	• It is easy to import Finnish food to Singapore. No special import approvals required. Singapore has no applicable tariffs or duties on food and agribusiness products.	• A detailed presentation of import regulations has been provided	• Regulations for food are relatively strict in Korea as cannot have health claim.
Other comments	• The biggest challenge to enter Singapore market is to show the difference in quality and price. In Asia people prefer fresh rather than frozen, particularly when asking for a premium price.	• Very demanding quality expectations	• Koreans appreciate scientific research; particularly foreign research results are highly valued. This should be clearly communicated if we enter the Korean market in all

Conclusions and Recommendations

Conclusions

- All three markets seem to offer interesting opportunities for Northern Wild Superfoods, but the markets differ quite a lot from each other
  - Singapore
    - \+ Easy market to access
    - \+ Easy to find potential distributors and importers
    - \+ Extensive expat community
    - \+ Highest level of average income
    - \+ Regulatory framework for bilberry imports
    - \- Blueberries/bilberries not well known
    - \- Smallest market potential
  - South Korea
    - \+ Bilberries are commonly used and are known among consumers for the their health impact
    - \+ Relatively big market potential
    - \+ Less competitive than Japan
    - \- Import regulations at least when compared to Hongkong or Singapore
    - \- Local competition
    - \- Established presence of other foreign competitors

Conclusions and Recommendations

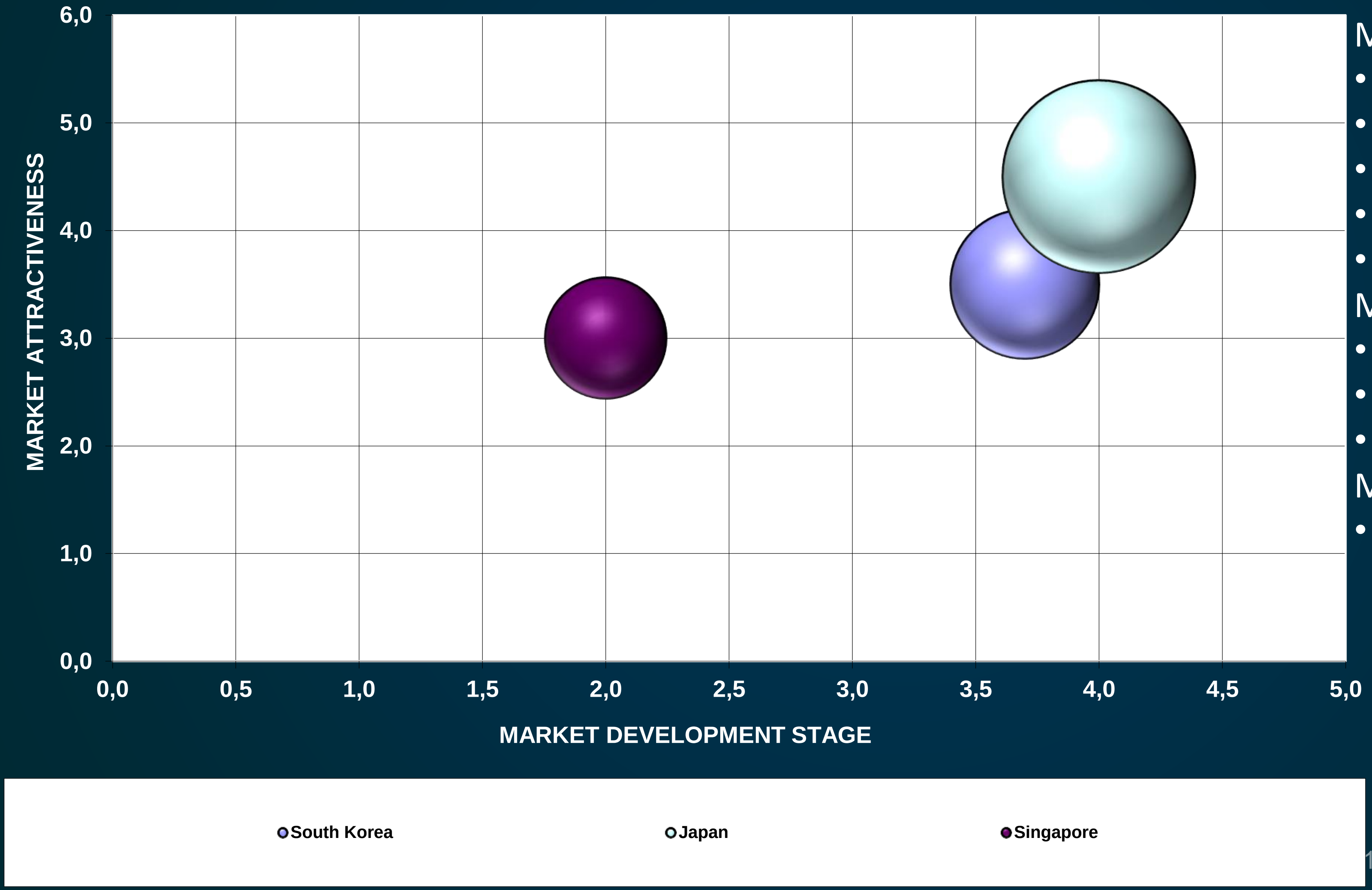
- Japan
  - + By far the biggest market potential
  - + Awareness of bilberries
  - + Health conciousness
  - - Quality expectations
  - - Import regulations
  - - Competition
- In all markets the question of differentiation came up strongly. It will be vitally important to invest in innovative marketing communication to bring up the benefits of arctic bilberries

Conclusions and Recommendations

Recommendations

- All markets are potential. Our recommendations can be summarized as follows
  - Collect the low hanging fruits in Singapore by contacting easily identifiable importers and distributors. The market charsteristics are most probably fairly similar to Hongkong
  - Approach South Korea and Japan more systematically in the order of 1. Japan, 2. South Korea
    - Aquire more comprehensive understanding of the markets, segments, main players, consumer behavior, b2b market etc.
    - Develop sales channels based on the above

Conclusions and Recommendations



Market attractivenss criteria

- Awareness of bilberries
- Market size
- Health conciousness
- Competition
- Price level

Market development stage criteria

- Awareness of bilberries
- Availability of the products
- Presence of competitors

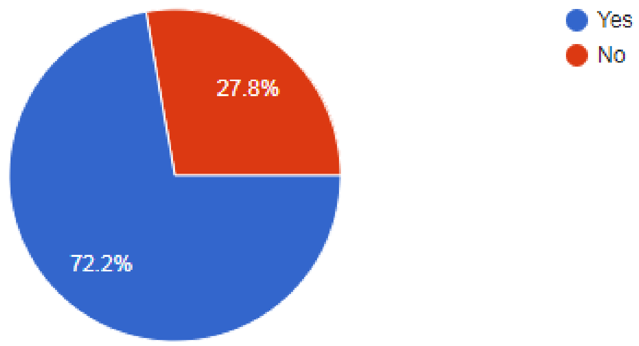
Market size criteria

- Volume of blueberry/bilberry imports

Finland Lapland Bilberry Marketing Research

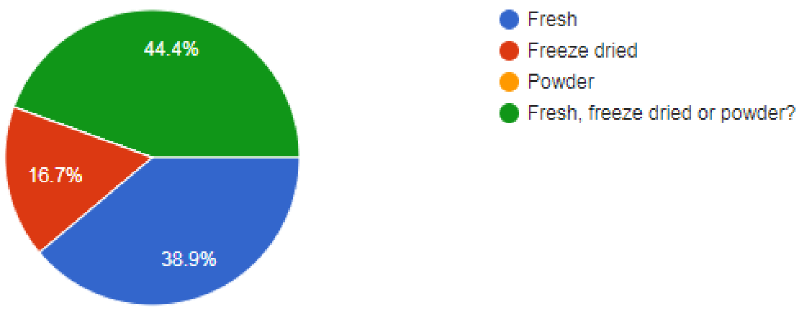
Do you buy blueberries or other types of berries recently?

18 responses



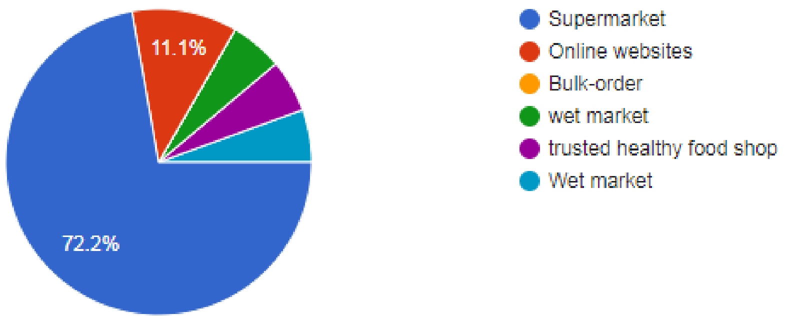
If you do, what type(s) of product(s) do you purchase?

18 responses



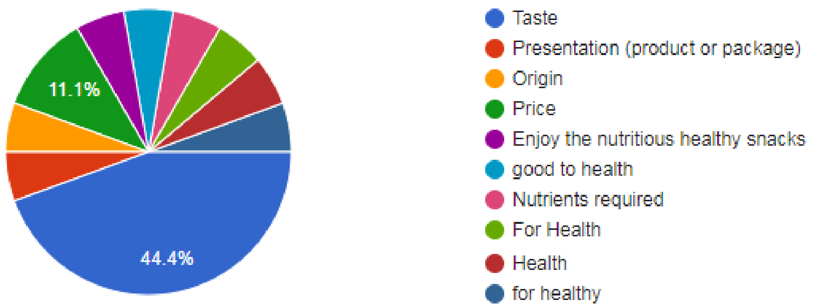
How do you buy those products recently?

18 responses



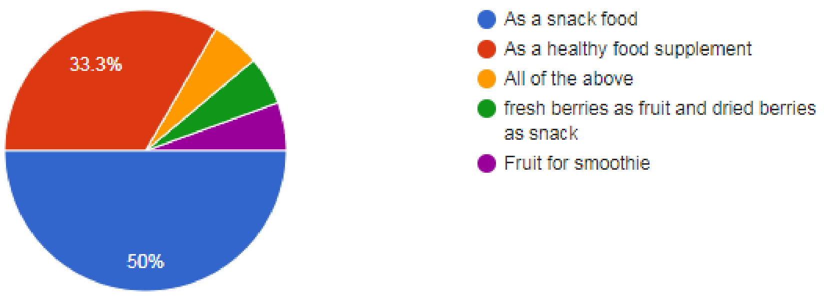
Why do you buy those products recently?

18 responses



Do you buy berries recently as a snack food or as a healthy food supplement?

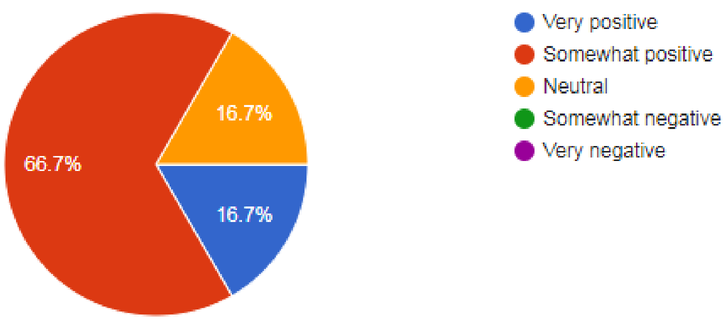
18 responses



Bilberry Marketing Research

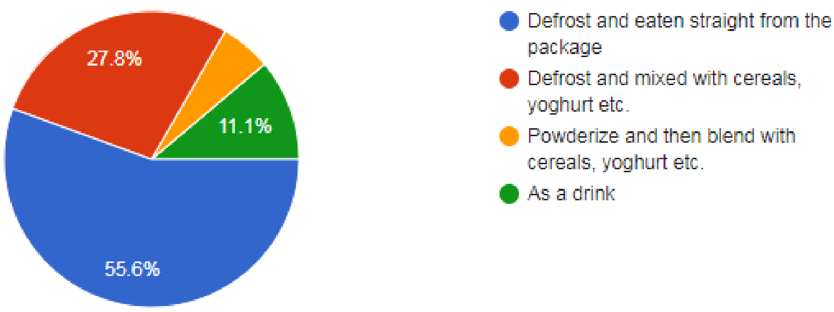
What is your first reaction to the context of the berries and where they are from and grown?

18 responses



There are various ways to use the freeze-dried product. Which one of the following options do you like the most?

18 responses

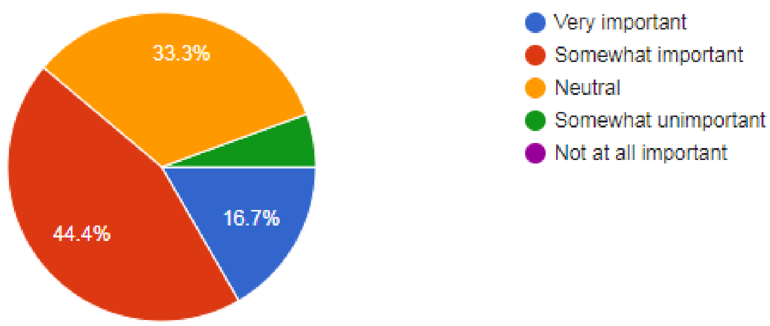


How do you use the current berries that you buy?

18 responses

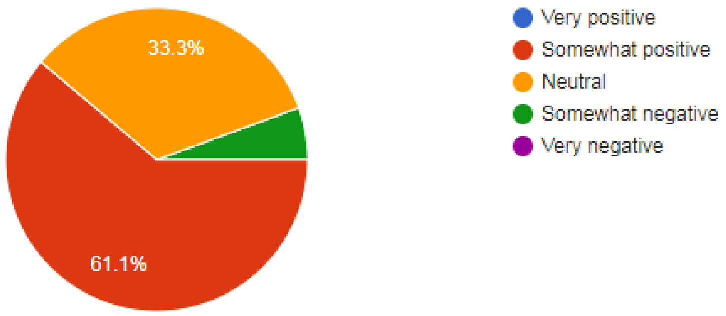
How important are the unique health benefits of Lapland wild blueberries to you?

18 responses



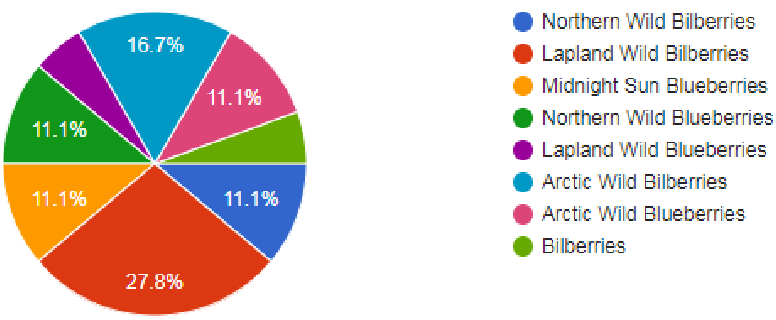
What is your first reaction to the freeze-dried form of product?

18 responses



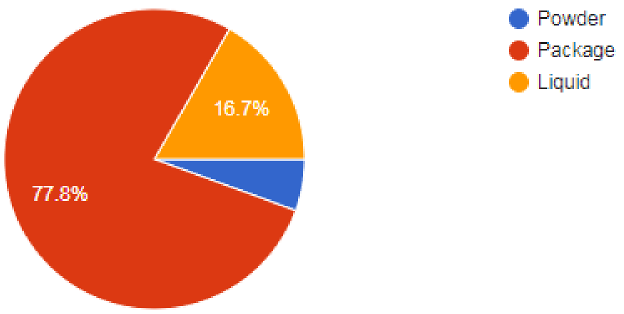
Blueberry has become a universal name for this type of blue colored berries. Blueberries picked in the wild in Europe are officially called bilberries. However, these Lapland bilberries differ from ordinary bilberries and blueberries in terms of their considerably higher content of ingredients with positive health impact. What would be the most suitable name of these berries in Hong Kong according to you?

18 responses



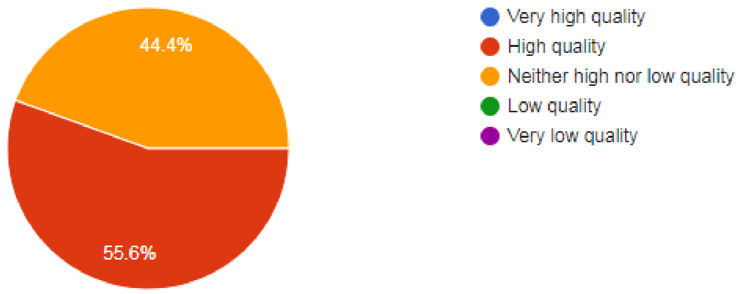
Please take a look at these other packaging of similar products. Which one of them do you like the most?

18 responses



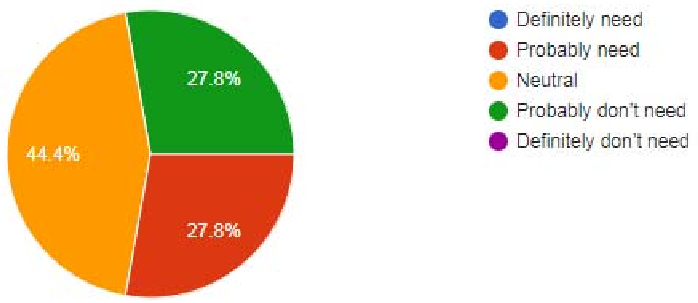
How would you rate the quality of the product and its unique properties?

18 responses



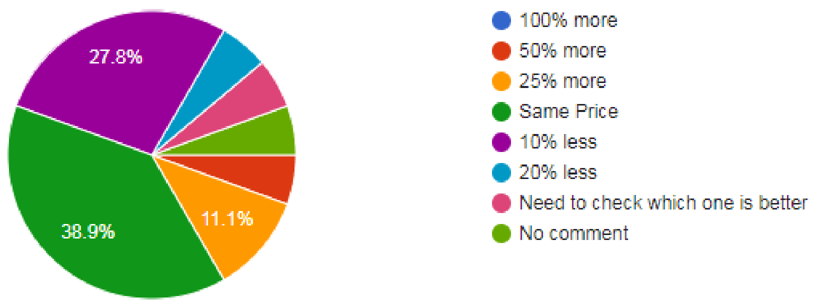
What do you think about the product, do you think it of it as something you need or don´t need?

18 responses



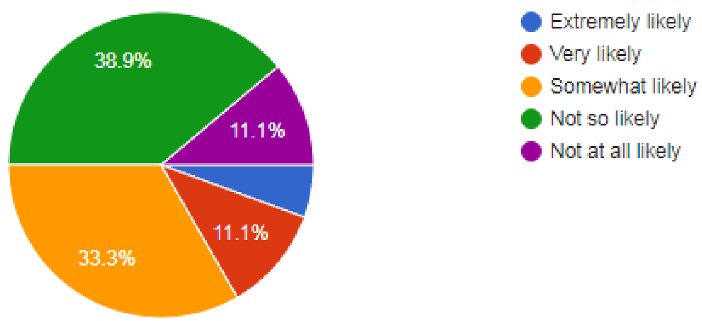
Price for a pack of freeze-dried blueberries is around 58HK$/34g. What would be the right price for these Lapland blueberries?

18 responses



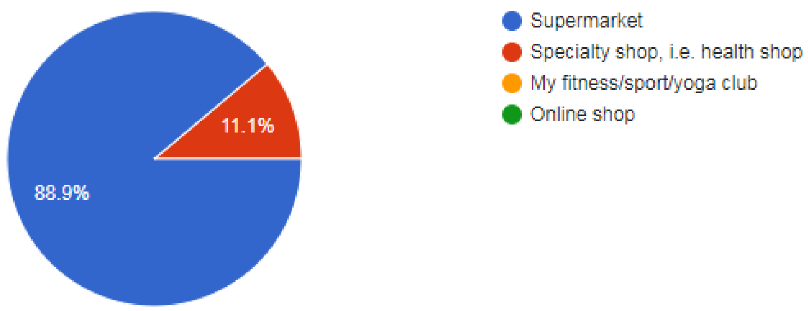
If the product were available today, how likely would you be to buy the product?

18 responses



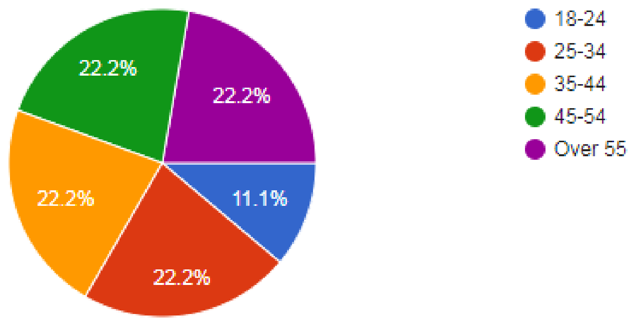
What would be the most convenient place for you to buy the product

18 responses



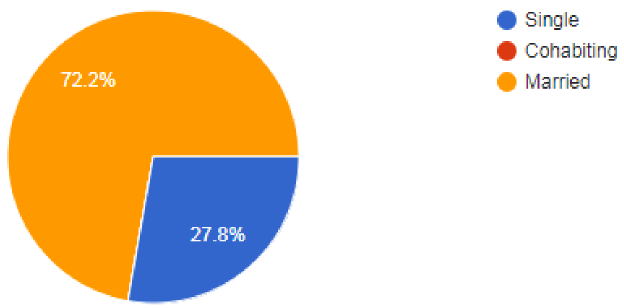
What is your age group?

18 responses



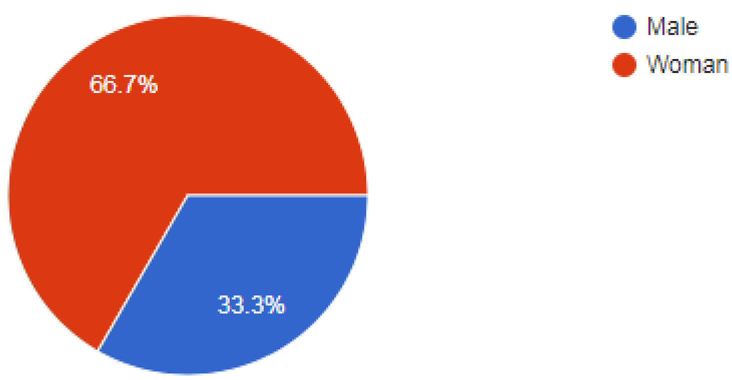
What is your marital status?

18 responses



What is your gender?

18 responses

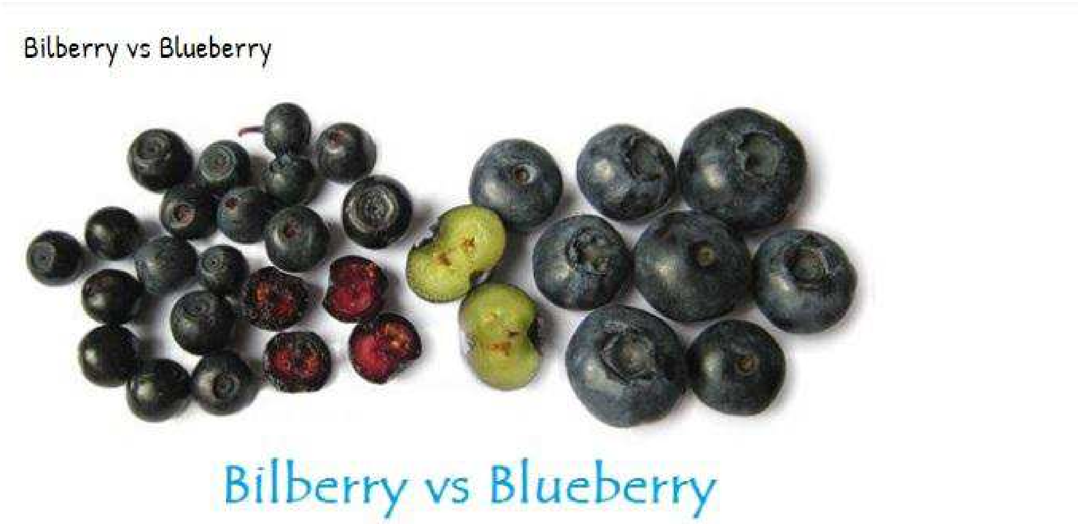


Finland Lapland Wild Bilberry Marketing Research

* Required

Characteristic for Lapland Wild Bilberry

1. Lapland berries are wild forest berries that grow naturally in the pristine subarctic wilderness (above the Arctic Circle) in the Lapland region, Finland that boasts the cleanest water and air in the world (WHO and World Economic Forum research, 2018).
2. Most of Lapland has been certified as organic. The Lapland berries, are handpicked not machine harvested to maintain their quality. They are picked one by one by professional berry pickers, directly from where they grow in this unique climate in Lapland. The berries thrive and gain their exceptional health properties from growing under the Midnight Sun - 2 months of 24/7 daylight. Being able to grow berries of this quality in this special natural environment gives these wild berries 4 times the anti-oxidants (well-known for their anti-aging and immune system benefits) compared to harvested blueberries from other countries.
3. While stronger and sweeter in flavour than other blueberries, Lapland wild berries actually have much less sugar content. The high health properties have raised the Finnish berries to being "superfoods" from the Nordics.



1. **What is your name? ***

____

2. **Do you buy blueberries or other types of berries recently?** *
Mark only one oval.

- Yes
- No

3. **If you do, what type(s) of product(s) do you purchase?** *
Mark only one oval.

- Fresh
- Freeze dried
- Powder

4. **How do you buy those products recently?** *
Mark only one oval.

- Supermarket
- Online websites
- Bulk-order
- Other: ______________________

5. **Why do you buy those products recently?** *
Mark only one oval.

- Taste
- Presentation (product or package)
- Origin
- Price
- Other: ______________________

6. **Do you buy berries recently as a snack food or as a healthy food supplement?** *
Mark only one oval.

- As a snack food
- As a healthy food supplement
- Other: ______________________

Skip to question 7.

Bilberry Marketing Research

7. **What is your first reaction to the context of the berries and where they are from and grown?** *
Mark only one oval.

- Very positive
- Somewhat positive
- Neutral
- Somewhat negative
- Very negative

8. **What is your first reaction to the freeze-dried form of product?** *

Mark only one oval.

- Very positive
- Somewhat positive
- Neutral
- Somewhat negative
- Very negative

9. **There are various ways to use the freeze-dried product. Which one of the following options do you like the most?** *

Mark only one oval.

- Defrost and eaten straight from the package
- Defrost and mixed with cereals, yoghurt etc.
- Powderize and then blend with cereals, yoghurt etc.
- As a drink
- Other: ____________________

10. **How do you use the current berries that you buy?** *

____

11. **How important are the unique health benefits of Lapland wild blueberries to you?** *

Mark only one oval.

- Very important
- Somewhat important
- Neutral
- Somewhat unimportant
- Not at all important

12. **Blueberry has become a universal name for this type of blue colored berries. Blueberries picked in the wild in Europe are officially called bilberries. However, these Lapland bilberries differ from ordinary bilberries and blueberries in terms of their considerably higher content of ingredients with positive health impact. What would be the most suitable name of these berries in Hong Kong according to you?** *

Mark only one oval.

- Northern Wild Bilberries
- Lapland Wild Bilberries
- Midnight Sun Blueberries
- Northern Wild Blueberries
- Lapland Wild Blueberries
- Arctic Wild Bilberries
- Arctic Wild Blueberries
- Other: ____________________

13. **Please take a look at these other packaging of similar products. Which one of them do you like the most?** *

Mark only one oval.

- ( ) Powder
- ( ) Package

- ( ) Liquid

14. **How would you rate the quality of the product and its unique properties?** *

Mark only one oval.

- ( ) Very high quality
- ( ) High quality
- ( ) Neither high nor low quality
- ( ) Low quality
- ( ) Very low quality

15. **What do you think about the product, do you think it of it as something you need or don´t need?** *

Mark only one oval.

- ( ) Definitely need
- ( ) Probably need
- ( ) Neutral
- ( ) Probably don’t need
- ( ) Definitely don’t need

16. **Price for a pack of freeze-dried blueberries is around 58HK$/34g. What would be the right price for these Lapland blueberries?** *

Mark only one oval.

- 100% more
- 50% more
- 25% more
- Same Price
- 10% less
- Other: ______________

17. **If the product were available today, how likely would you be to buy the product?** *

Mark only one oval.

- Extremely likely
- Very likely
- Somewhat likely
- Not so likely
- Not at all likely

18. **In what form would you prefer to buy the product?** *

Mark only one oval.

- Freeze- dried
- Fresh
- Powder
- Drink
- Tablet
- Other: ______________

19. **What would be the most convenient place for you to buy the product** *

Mark only one oval.

- Supermarket
- Specialty shop, i.e. health shop
- My fitness/sport/yoga club
- Online shop
- Other: ______________

20. **In your own words what are the things you like the most about this new product?** *

____

21. **In your own words what are the things you would most like to improve in this new product?** *

____

22. **What is your age group?** *

Mark only one oval.

- 18-24
- 25-34
- 35-44
- 45-54
- Over 55

23. **What is your marital status?** *

Mark only one oval.

- Single
- Cohabiting
- Married

24. **What is your gender?** *

Mark only one oval.

- Male
- Woman