



MARKET OPPORTUNITIES WITHIN THE LIFESTYLE AND FMCG INDUSTRIES IN CHINA

- and Asia in general

*seminar in Aarhus at Headstart Fashion/ Midtnet Kina innovationspuljen
-17th of January, 2017*



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- UNFOLDING YOUR BRAND'S
POTENTIAL IN ASIA

Kina kræver fuldt fokus



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- ☞ **Det siges, at når en sommerfugl blafrer med vingerne i Kina, opstår der storm på Bornholm.** Den såkaldte sommerfugleeffekt er også mere aktuel end nogensinde for dansk erhvervsliv, som i en globaliseret verden er tvunget til at forholde sig til udviklingen i verdens folkerigeste land og næststørste økonomi.
- ☞ Kina har på få år udviklet sig fra en eksportbaseret økonomi i retning af et forbrugsdrevet marked. Det har åbnet helt nye muligheder for danske virksomheder, hvad enten det er kæmper som A.P. Møller-Mærsk og Novo Nordisk eller mindre danske virksomheder inden for FMCG og lifestyle.
- ☞ Mere end 500 danske virksomheder er allerede i gang med at opbygge eller udbygge deres forretning i Kina.. Nogle har succes, mens andre kæmper hårdt for at vinde fodfæste. Og samtlige har fortalt om et uhyre komplekst og konkurrencepræget marked.
- ☞ Trods de seneste års reformer, der har åbnet Kina mod verden, er det fortsat et land præget af store problemer med bureaukrati, korrupsion og diskrimination af udenlandske virksomheder. Dertil kommer den kulturelle og sproglige barriere.
- ☞ Mange danske virksomhedsledere kæmper med at opbygge de nødvendige netværk og relationer, som kineserne kalder Guanxi.
- ☞ Sammenfattende lyder rådet fra de danske virksomheder, der tager livtag med Kina: Forbered dig, find en partner og fokuser 100 pct. på opgaven.
- ☞ **Alle veje fører til Kina, men der er ingen nemme genveje.**



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*Do's and don'ts when entering China
- and most of Asian countries*

*5 key considerations for any company
that's considering making the leap*

5 key considerations for any company that's considering export to China and other Asian markets



☞ **Tip #1: Wait until you are ready to fully commit**

- ☞ Working in overseas markets takes a lot of time and nurturing, and if you lack the bandwidth and resources, it might be better to wait. *Just like building a campfire, “it’s best to start with something you can more easily influence, like thin twigs, before you throw in a giant log. Once the kindling is ignited, you’ll be in a safer position to move forward.”*

☞ **Tip #2: Target the right market as an entry point.**

- ☞ Asia certainly isn’t a single nation and it’s even much more fragmented than Europe. Among the 45+ unique countries, each is home to different languages, distinct cultures and a multitude of ethnicities, as well as hundreds more dialects, norms, etc. found in specific regions.
- ☞ China is also not one market, but contains 23 provinces and 2 languages (Mandarin & Cantonese)
- ☞ There is no room for a ‘one-size-fits-all’ approach in Asia and any kind of generalization is a slippery slope.
- ☞ Choose carefully which market is best suited for your product and company, and focus your limited resources on that specific market – (and chances are, that China might not be your first choice..)



*5 key considerations for any company
that's considering making the leap*



☞ **Tip #3: Manage your expectations.**

- ☞ Adding to the complexity of differing cultures, languages and business practices, working in Asia requires you to manage time and geographical differences.





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5 key considerations for any company that's considering making the leap



- ❧ **Tip #4: Business is personal everywhere but more so in China (and most Asian countries).**
- ❧ In most Asian countries, executives operate on a social system that is highly focused on relationships. Societies tend to be tight-knit, operating in a 'micro economy' where perceptions are formed very quickly. Ruining a relationship with one partner for short-term gain will certainly make it difficult to form other partnerships down the line. It's also important, especially for small/midsize companies, to know the reputation of the potential partner. Corporations have their own personalities and legacies. Do your homework and be sensitive to who you partner with.
- ❧ "face time" is much more important and more common in Asian business than it is in Europe, it's unrealistic to expect a partnership if you're not willing to travel. Building that relationship is critical. Once you've established that connection, perspectives become longer term. It's less of a company-to-company partnership, and more of one between individuals. - Forging these relationships does take time = years, and won't be build overnight.

5 key considerations for any company that's considering making the leap



☞ **Tip #5: Find the right partner, don't cut corners.**

- ☞ Getting a foot in the door can be the most difficult challenge in making the Asian connection.
- ☞ Speaking the language is a minor hurdle; *success requires securing an experienced, entrenched and committed partner to help you navigate the cultural and business nuances of this exciting new opportunity.*
- ☞ Finding the right partner who are able to open doors, build relationships and act on your behalf on-the-ground, preferably with an extensive pre-existing network of companies, investors and business associates, is critical to closing deals.
- ☞ You are looking for a “matchmaker”, someone who not only knows your goals and objectives, as well as what customers in Asia is looking for and what market opportunities exist.
- ☞ The key is to focus on quality, not quantity. Build momentum steadily by establishing critical mass, user traction, and adoption in the most promising markets - which may not be the largest - then build on as growth allows. - Becoming a global sensation rarely happens overnight; it takes persistence, careful planning, and smart strategic partnerships to successfully orchestrate any global expansion.

AsiaCorp business case:



Finding a new franchise partners for Trollbeads in China

March 2016



AsiaCorp cooperation with Trollbeads regarding further expansion in Asian markets



- ☞ The successful Danish jewelry brand Trollbeads has asked AsiaCorp to assist them and consult in the search for new partners in China and other selected Asian markets like Japan and Korea.
- ☞ AsiaCorp are “match-making” Trollbeads with potential franchise partners for several regions in China for Trollbeads, and securing that these potential partners are reliable, qualified and trustworthy.



AsiaCorp cooperation with Trollbeads regarding further expansion in China and other Asian markets



- Like most brands, Trollbeads has started building their business in the “Tier 1” cities in China such as Beijing, Shanghai etc.
- But there is 23 provinces in China, and most of these you probably have never heard of, and there is a huge potential for “affordable luxury” products here.
- So far AsiaCorp has secured master franchise partners for TB in 3 of these provinces, and currently we are negotiating with potential partners in 9 other provinces.



Trollbeads Chinese Business Case

The Market Opportunity exist through professionalizing the Distribution and increase number of Master Franchise partners for additional provinces

TROLLBEADS CHINA GROWTH

RETAIL SKILLS



E-COMMERCE SKILLS



MARKET BRAND SKILLS



FINANCIAL STRENGTH



ACCELERATE TO THE NEXT LEVEL

- Visual merchandising
- Store fixtures
- Training
- Foot traffic generations
- Events
- Location management
- Operational management
- Departmental store contact
- Build and create e-commerce position in the market
- Digital communication
- Utilize omni-channel opportunities
- Define go-to-market approach
- Execute brand awareness steps
- Implement uniform brand experience
- Digital marketing
- Commitment to an investment in Trollbeads China
- Commitment to brand building
- Competence skills support

Roadmap for solving the Chinese assignment for Trollbeads



In order to be aligned, we estimate the need of a 12 months window for solving this assignment successfully for Trollbeads (first deal within 6 months).

Plan for this assignment is, as follows:

- ❧ Understand Trollbeads current market positioning, brand recall, image, pricing, collection & terms and conditions to partners vs. foreign & domestic competitors in China.
- ❧ Identify the gaps for growth.
- ❧ Seek potential AAA distributors /potential franchise partners that the power and knowledge to build the Trollbeads brand and business.
- ❧ List out matching distributors with potential in terms of network & international business/import/retail experience.

Roadmap for solving the China assignment for Trollbeads



- ☞ Contact these distributors and present them together with the market opportunities to Trollbeads on various visits in China, facilitated by local AsiaCorp representatives and with Trollbeads management participating.
- ☞ Build a Business Plan with these potential distributors and work with Trollbeads to select the optimum partner.
- ☞ Revisit China with Trollbeads executive to meet up with the best possible leads
- ☞ Assist Trollbeads in negotiating, reviewing and finalizing the distribution/Master Franchise contract.

Our fee structure



- ❧ Payment of a “commitment fee” upon signing the contract with AsiaCorp covering initial workload for min. 6 month
- ❧ Plus a “success fee” when and if our client signs a contract with a partner presented by AsiaCorp
- ❧ Plus a sales commission (based on wholesale prices) for the initial 5 years of a contract between a new partner and our client.



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Thank you for your attention



*Success can be achieved in this complex region, with the right approach
and the right partners.*

*We hope you sign up with AsiaCorp to open and develop your business in
one of the world's largest, fastest growing regions: Asia-Pacific*