

Estonian Meat Business in Asia



NORDISKA PARTNERS

Prepared by Nordiska Partners Limited
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Euroopa Maaelu Arengu
Põllumajandusfond:
Euroopa investeringud
maapiirkondadesse

About Us

Who we are?

Nordiska Partners Limited is formed by a group of dedicated Finnish and Hong Kong professionals with profound experience and expertise in the food industry in Asia.

We are committed to bring to our customers high quality food products from Europe.

We are the Asian Office of Kronfågel based in Hong Kong.





How we work?

Nordiska Partners Limited works as a sales organization for its Nordic business partners in Asian market. We have strong local presence in Hong Kong and partners in Singapore, Korea, Japan, China and Taiwan etc.

We work with high quality products for premium market positioning across retail, food services and distribution channels.

Our Roles

- To serve as the ambassador to promote your food brand in Asia
- To provide guidance and information for the entry of your food brand into Asian markets
- To act as the local service provider to support business operations in Asia
- To work as the marketing arm in the development and execution of brand, marketing and communication strategies
- To represent you in dealing with the local business partners and customers



Huge Market for Quality Pork in Asia

- Huge market for with growth potential in Asia:
 - Hong Kong – 95% of the food consumed is imported
 - The per capita pork consumption in Hong Kong has also risen from 18.51 kg to 67.11 kg in the past 50 years
 - The current per capita pork consumption quantity of HK people is actually 5.5 times the international average
 - China constitutes the largest market for imported meat in Asia-Pacific in value terms
- Foreign foodstuffs have already been recognized as high quality, clean and secure



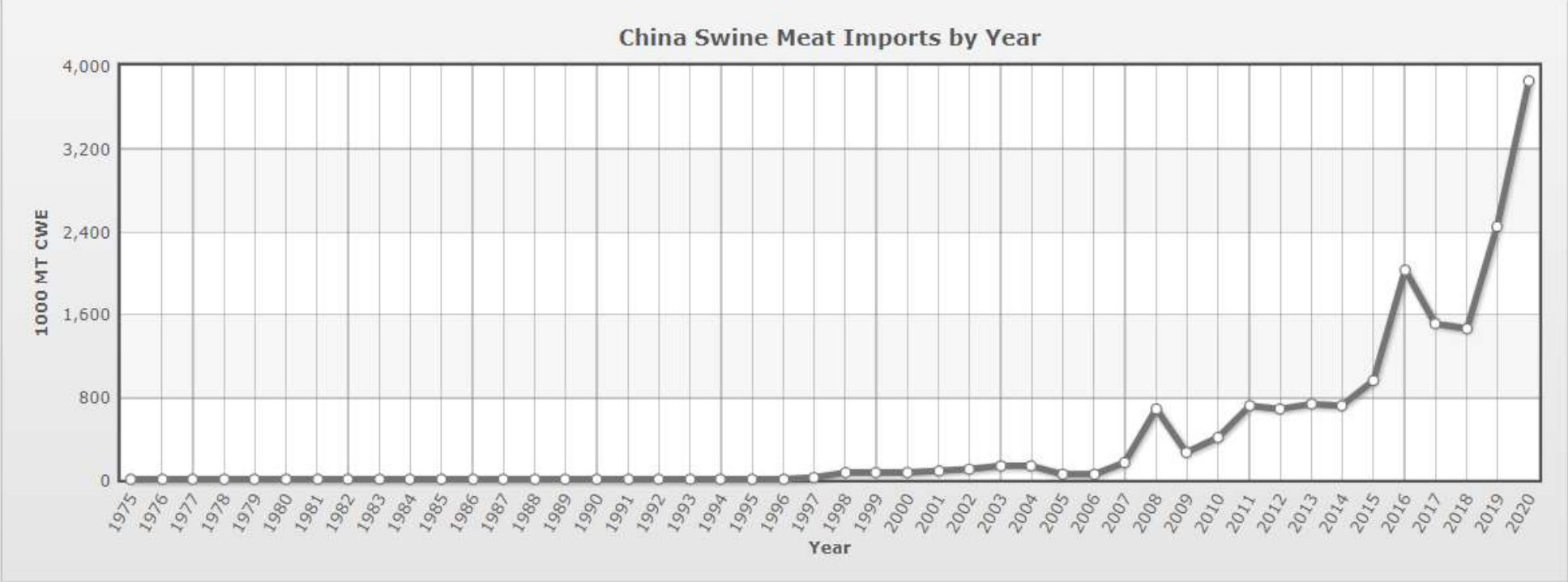
Pork Imports by Country

Below are the 15 countries that imported the highest dollar value worth of pork during 2019:

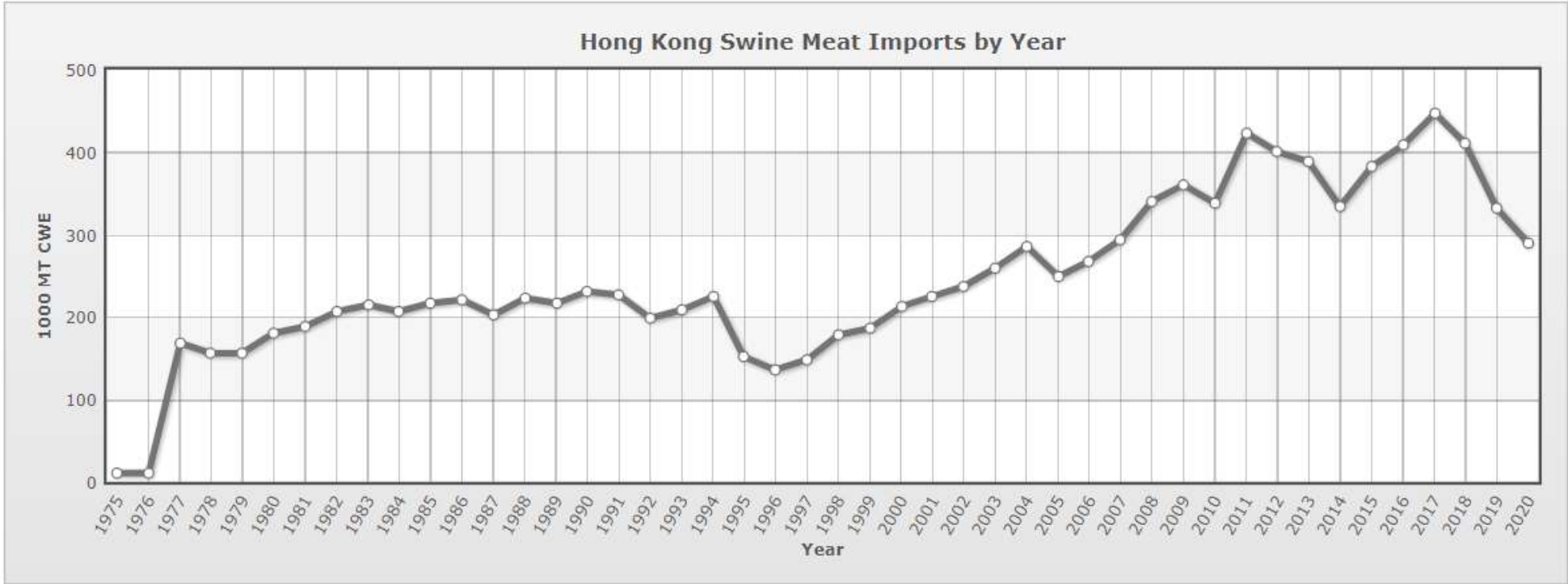
1. Japan: US\$4.6 billion (14.5% of total imported pork)
2. **China: \$4.5 billion (14.1%)**
3. Italy: \$2.3 billion (7.4%)
4. Germany: \$1.8 billion (5.7%)
5. Poland: \$1.64 billion (5.1%)
6. South Korea: \$1.60 billion (5%)
14. **Hong Kong: \$592.8 million (1.9%)**
15. Australia: \$561.5 million (1.8%)



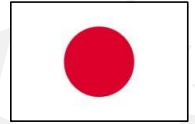
China Swine Meat Imports by Year



Hong Kong Swine Meat Imports by Year



Japan Swine Meat Imports by Year



China Swine Meat Imports Annual Growth Rate



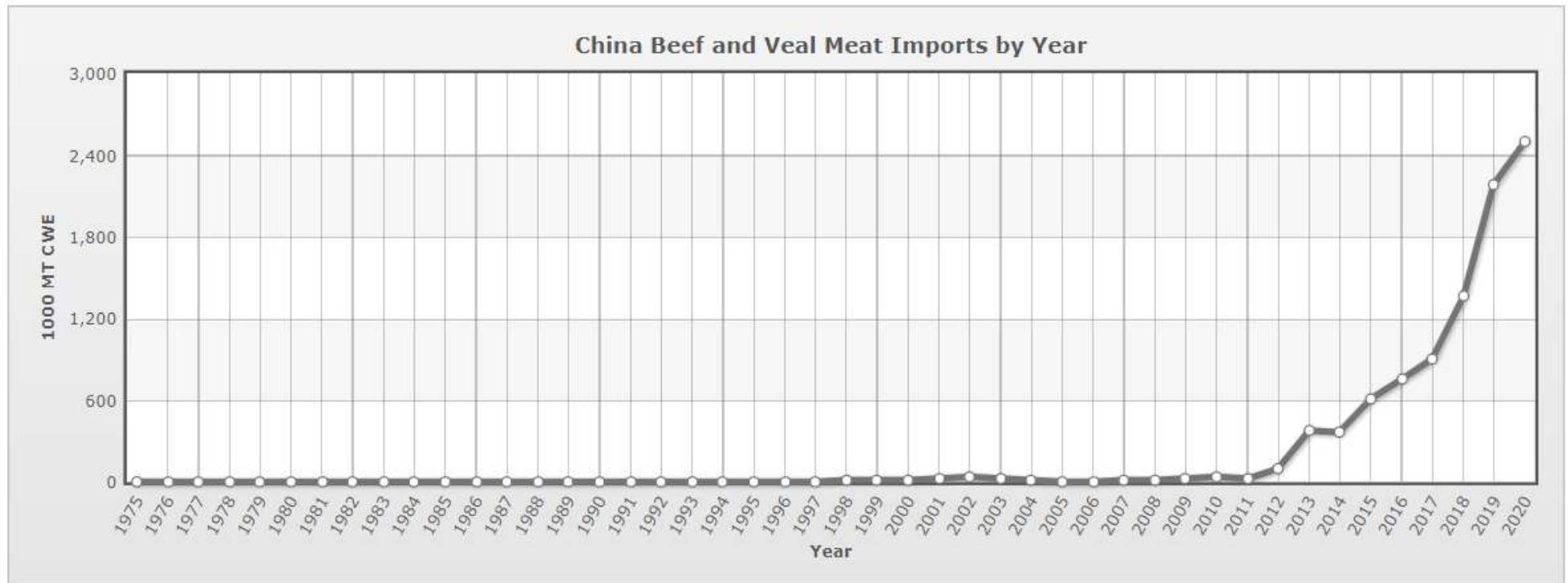
Market Year	Imports	Unit of Measure	Growth Rate
2013	728	(1000 MT CWE)	6.59 %
2014	720	(1000 MT CWE)	-1.10 %
2015	955	(1000 MT CWE)	32.64 %
2016	2021	(1000 MT CWE)	111.62 %
2017	1501	(1000 MT CWE)	-25.73 %
2018	1457	(1000 MT CWE)	-2.93 %
2019	2451	(1000 MT CWE)	68.22 %
2020	3850	(1000 MT CWE)	57.08 %

High demand for Premium Beef in Asia

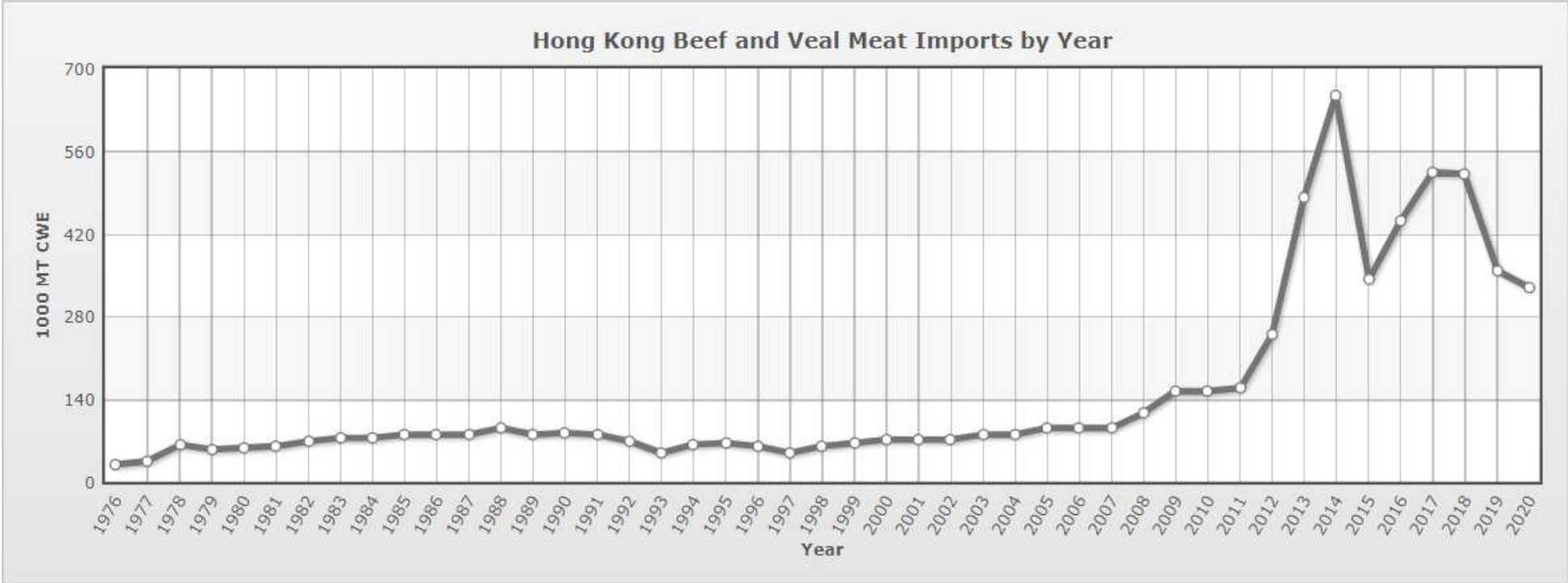
- The huge consumption in the Asian market:
 - Hong Kong – 95% of the food consumed is imported
 - Hong Kong – Top 3 beef consumption (per capita) region in the world*
 - China constitutes the largest market for imported meat in Asia-Pacific in value terms
 - China – 2nd biggest beef consumption country (in volume) in the world*
- Foreign meats are always considered as premium, clean and secure



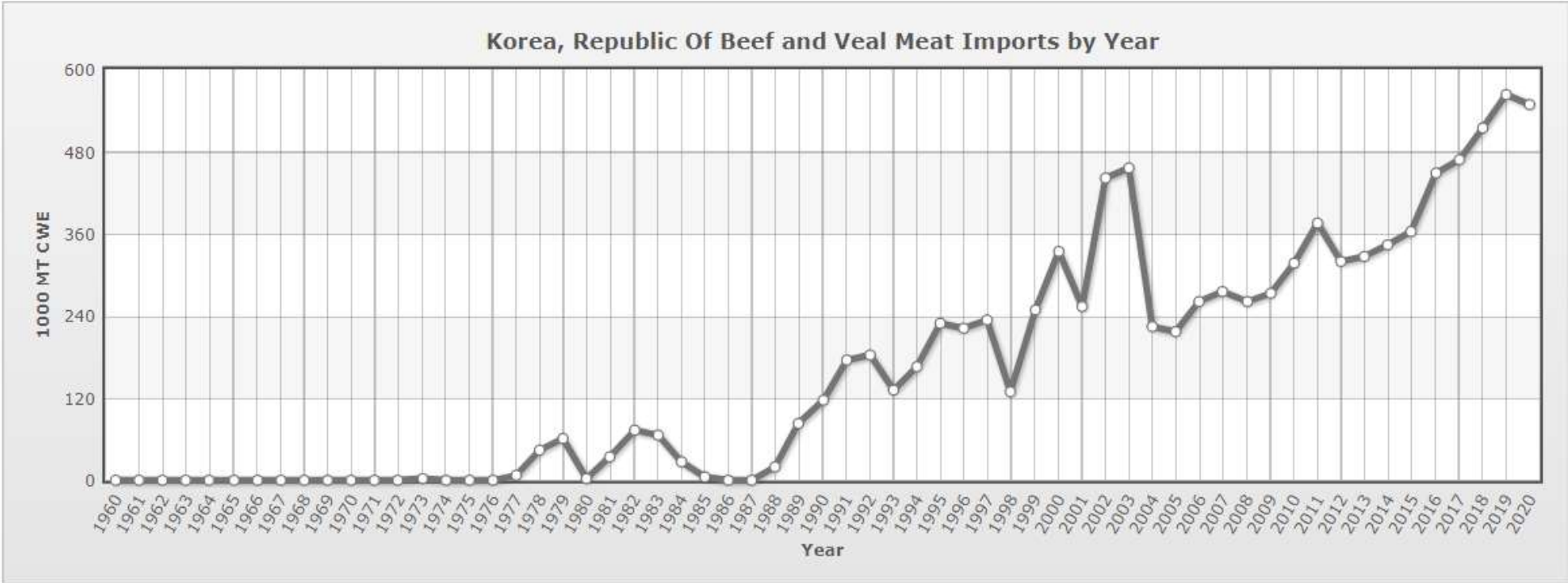
China Beef and Veal Meat Imports by Year



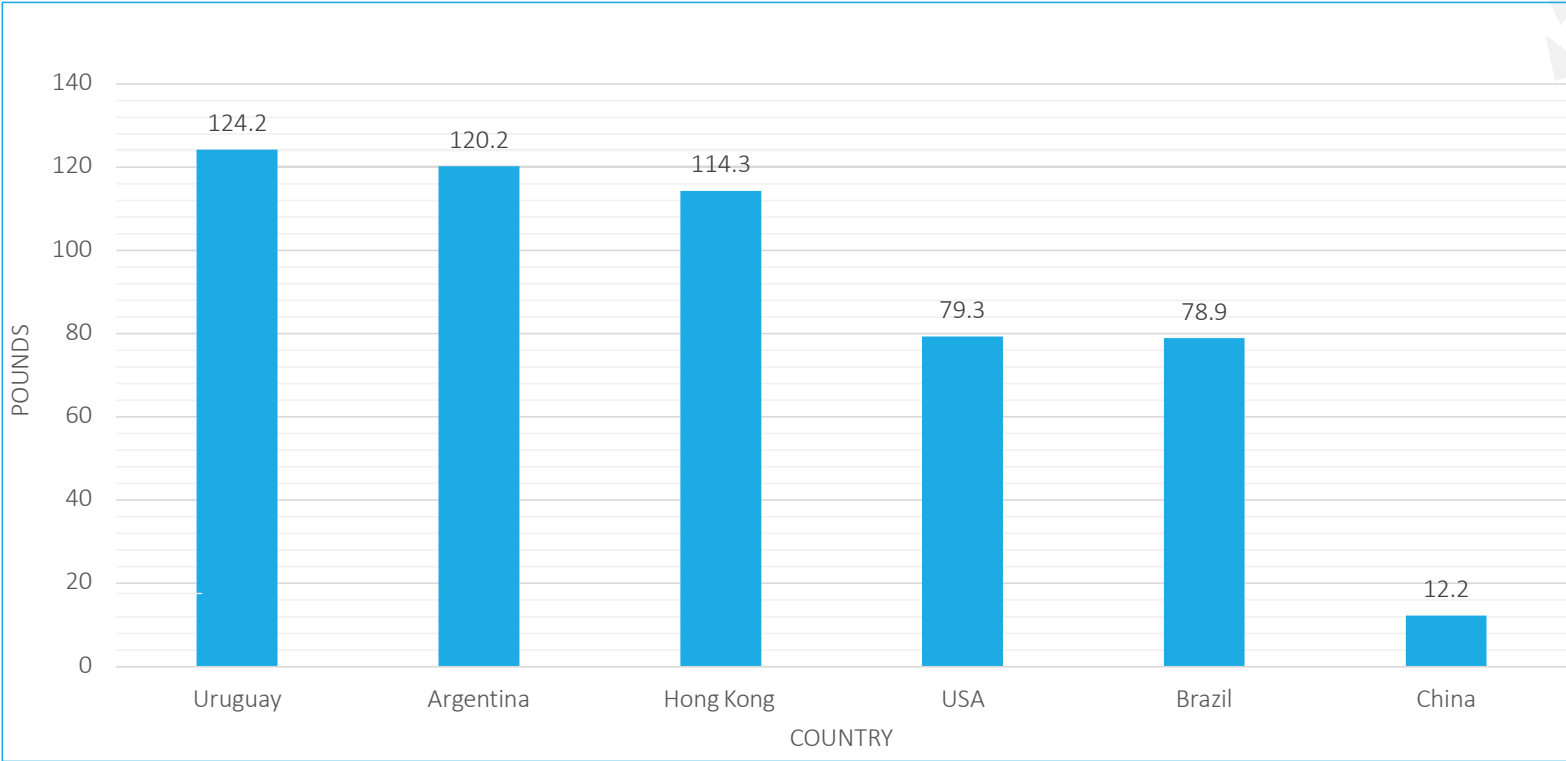
Hong Kong Beef and Veal Meat Imports by Year



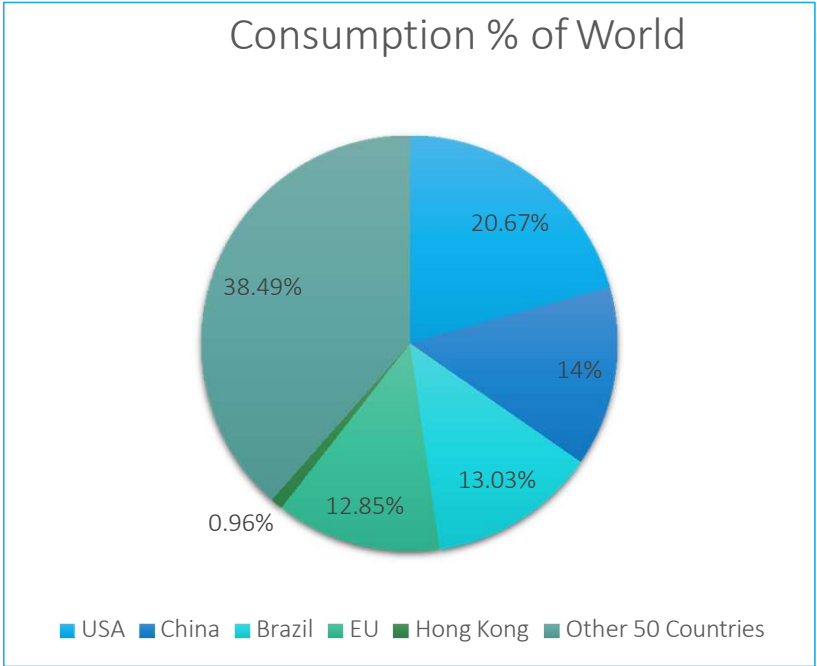
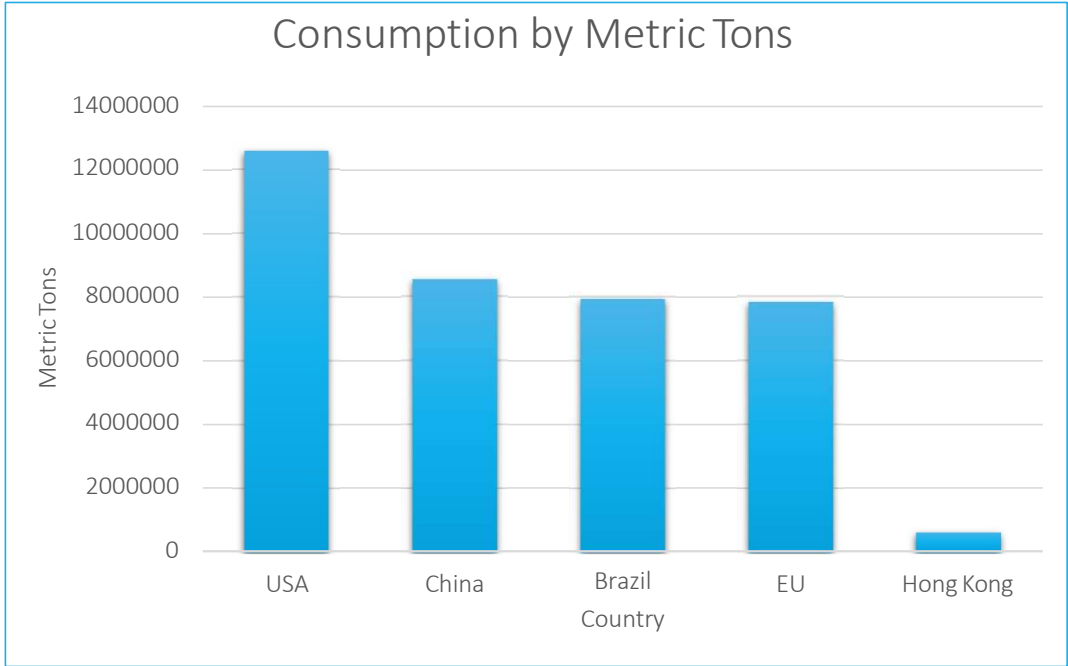
Korea Beef and Veal Meat Imports by Year



World Beef Consumption Per Capita by Country in 2016

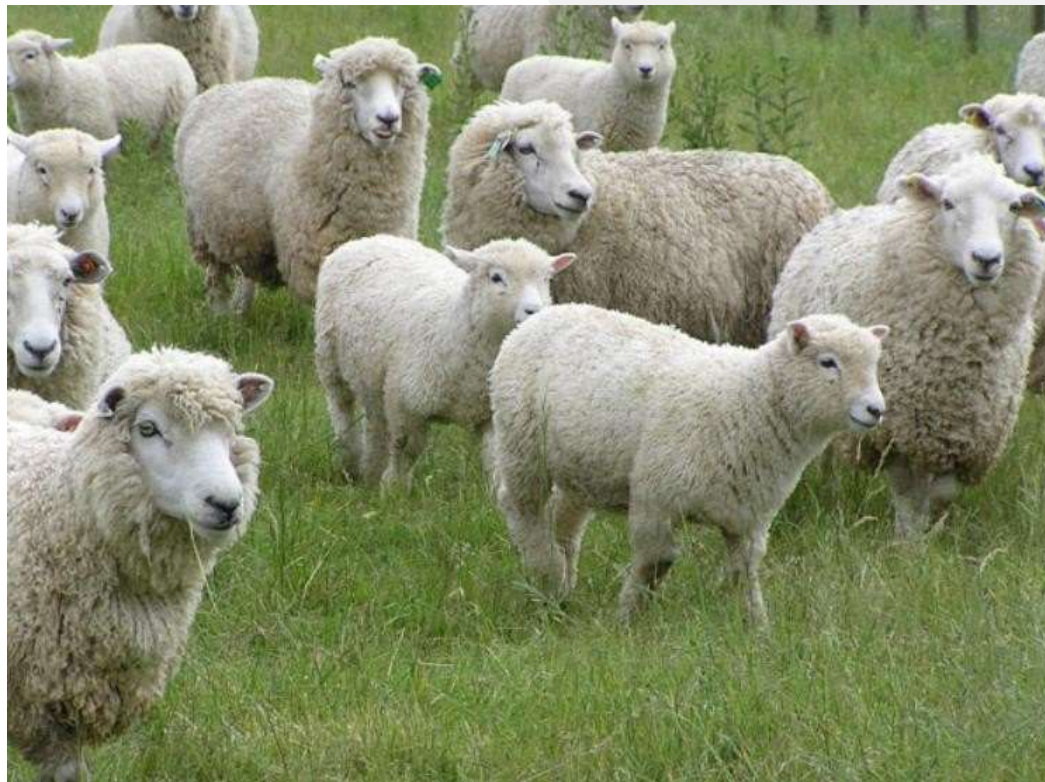


World Beef Consumption by Country in 2018



Opportunity for High Quality Lamb Products in Asia

- Huge market for lamb with growth potential in Asia:
 - Hong Kong – 95% of the food consumed is imported, including more than 8,100 tonnes of sheep meat annually
 - China – the largest volume of lamb and sheep meat consumption (2.7M tonnes/year) in the world
 - China constitutes the largest market for imported lamb and sheep meat in Asia-Pacific in value terms (USD 884M)
- European foodstuff has already been recognized as high quality, clean and secure



Rising Demand for Lamb Meat in Asia Pacific

Hong Kong, sales, US\$ million, % year-on-year growth

	2018	2021
Beef	7.7	8.2
Lamb	6.5	7.0
Other meats and preparations	7.0	7.6
Shellfish and preserved fish	5.1	5.7
Poultry	5.1	5.6
Fish and fish products	4.5	5.1
Pork	3.0	3.3
Bacon and ham	-3.6	2.6
Other preserved/processed fish and seafood	0.7	0.4

Source: BMI Research. 2018 and 2021 forecast figures.

HONG KONG

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MARKET
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CHINA Sheep meat demand in the Chinese market increases

The main suppliers, Australia and New Zealand, may see a decline in their market share due to anticipated supply shortages.



China has increased demand for sheep meat in the first 4 months of 2019 leading to higher export volumes for Australia and New Zealand. China's Custom data reveals that during the first four months of the year, sheep meat imports have increased by 18% compared to the same period last year, reaching 140,600 tonnes.

The top supplier for the Pacific area accounts for 85% of that volume shipped to China, with Australia sending \$1,500 tonnes (+30%) and New Zealand delivering \$6,500 tonnes (+11%) in this market.

"The increase in product availability from Australia could be a result of extensive drought conditions that has led to increased slaughtering with an anticipated annual flock decline of 3.7% by June 2019", commented Alex Cook, ANRB Analyst.

Nevertheless, both countries will find it hard to keep up the pace with China's demand for animal protein to substitute the pork. "Australian and New Zealand lamb exports are forecast to decline in 2019 as a result of anticipated supply shortages, according to IFA. However, Chinese import demand is expected to continue to grow as the country begins to open markets for other protein sources to lessen the impact of ASF. Under ordinary circumstances, if the UK sheep industry were to gain access to Chinese markets, prices would have to become competitive with the main sheep meat exporters to gain market share", says the analyst.

Since the start of 2010, the average wholesale price for sheep meat in China has been relatively stable around the \$0.7 yuan/kg level (\$0.60/kg). Prices throughout this year have been above both last year and the 3-year average.



Processors respond to lamb meat demand surge in China

By Mark Godfrey
19 May 2019, last updated on 08 May 2019 at 10:04 GMT



A Chinese mutton processor is using a major expansion in capacity to channel sheep meat products into a rising demand for convenience and snack foods in China's cities.

Based in the Bayanmur region of Inner Mongolia, Cao Yuan Hong Tai Meat Industry Co. has announced a new project to add 3,000 tons of capacity for sheep processed lamb meat products to be sold in urban centres across the country. The firm is spending RMB70 million on the capex and will be buying in sheep from the neighbouring farms and marketing under the Ma Lan Mountain Plains cool and fresh slogan.

Cao Yuan Hong Tai's biggest problem is finding enough sheep, according to a sales executive at the company reached by phone, who explained the firm was killing below its slaughtering capacity. Companies like Cao Yuan are battling for sheep as the Bayanmur region has seen a spurt of new sheep investments among them the Heilong Bloocon Co. which aims to kill 400,000 head of sheep per year for heparin (blood thinner) and muttonal protein products as well as carcases at a new plant.

Competition for sheep has intensified across China with live sheep prices climbing to RMB70/kg in late April in Xinjiang, a key region for both consumption and production. Prices have hit RMB60 in other regions, reaching highs not seen since a sell-off of stocks since 2015 due to increased enforcement of environmental regulations in areas like Inner Mongolia. Bordered on Mongolia, the Bayanmur region is the key agricultural processing hub in China's northernly province of Inner Mongolia.

CHINA

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Why Asia?



- Build profitable export business by brand and concept adaptation
- Design win-win actions to bring value to business, stakeholders and consumers
- Create competitive edge for premium meat products by designing and implementing Asian market entry strategy
- Commercialize the potential of the Asian marketplace by creating sustainable business
- Build on strengths and address weaknesses in a pragmatic, business-oriented fashion to make export aspirations reality as sustainable business in a commercially viable manner.
- Remove barriers to business is doable by localization for presence and knowledge through the local team
- Provide guidance for category management in Asian markets, including product selection, packaging, pack size, and USPs
- Execute mutually agreed marketing activities and campaigns in Asia, create the required material and contents locally through service providers in place

Why specially Hong Kong?

- Hong Kong is one of the world's most densely populated cities and the region's most affluent
- Large tourist visitor numbers and a wealthy population that is open to western-style foods and who can regularly afford premium imported food
- Imported food is essential in Hong Kong, with imports expected to account for at least 95% of all food consumed into the foreseeable future

Problems Encountered by European Food Companies



Business Network

Limited network within local industries and related business segments in Asia



Market Knowledge

Unfamiliarity to the Asian markets, business practice and culture



Local Presence

Absence of local representatives to enable effective and efficient follow-up



Limited Resources

Scarcity in resources due to small company size



Language Skills

Lack of literacy in any Asian languages



Proposal for a Flying Start

- Team ready
 - Team with product sales and marketing experience with network in place
 - Established export business in Asia for Nordic meats, starting from scratch in 2015, five years of building work in place
- Way of working
 - Target to establish high quality and good margin export business for products in Asia
 - Work in cooperation and collaboration with the producers by open communications and sharing, like the producers' own team in Asia
 - Deep cooperation relationship, building the new business together, possible unlike with ordinary commercial customers
- Business development
 - Customer base available for Hong Kong, Macau, Taiwan, Japan, Korea, Singapore and mainland China
 - Our distribution channels - retail, food service, wholesale, industry
 - Start the brand building with wholesalers and food service, then retail

Our Strengths & Expertise

Commodity, value-added and branded businesses

Well established customer relationships which includes retailers, importers, distributors, food service operators

Asian market coverage, i.e. Hong Kong, Macau, China, Singapore, Taiwan, Korea and Japan

Experience with successful stories in adapting a Nordic pork brand into the super premium market segment of Hong Kong & Macau

Experience of creating market entry, brand building, selling and marketing of premium Nordic chicken, beef, pork and dairy products

Presence at Michelin Star restaurants, 5-star hotels and upmarket supermarket chains in Hong Kong

Extensive food related network, e.g. chefs (both local and expat), chef associations, food factories, media, promotion agencies in Hong Kong

Marketing and branding network ready in place in HK, including reliable service providers for marketing, PR and specialized social media agency, producers of marketing material, merchandisers

World class local logistics and warehousing partners

Countries we exported foods to:

- Hong Kong
- Singapore
- Korea
- Japan
- Macau
- China
- Taiwan
- Malaysia
- Vietnam



Creating Additional Value Through Exporting into Asia

WHAT



To realize business expansion into Asia for sustainably profitable long-term business

WHY



Rising demand for high quality foodstuffs in Asia



Imported food represents a highly appreciated brand



Barriers in actualizing business

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WHO



Producers have decided to expand into exports to Asia. The local team in Hong Kong shall provide the resources, know-how, market knowledge, contacts, language skills, and local presence to make the exports happen

HOW

Execute the project idea with team of experts who have built similar businesses successfully. Build on accumulated learned experience and network for quick results.





Marketing Services



BRAND STRATEGY
DEVELOPMENT



BRAND IDENTITY
CREATION



PACKAGING DESIGN AND
PRODUCTION



TRADEMARK
REGISTRATION



WEBSITE AND ONLINE
MARKETING PLATFORM
DESIGN AND
DEVELOPMENT



MARKETING
COMMUNICATION
MATERIALS (E.G. LEAFLET,
BROCHURE, CATALOGUE,
MENU, POSM, PRINT-AD,
ETC.) DESIGN AND
PRODUCTION



Summary

- Build Asian branded business for growth and profits
- Flying start with ready team for accelerated market entry
- Team ready
- Build on accumulated experience with Nordic partners
- Localization to time zone key to higher margins and product adaptation
- Work together with team spirit, in collaboration and cooperation
- Make an exercisable business plan together



Next Steps...

Information Required for Business Assessment

- Information for assessment
 - Product specifications
 - Packing formats
 - Product photos
 - Product catalogue
 - Unique selling points
 - Marketing Materials
 - Production facilities
 - Available capacities by SKUs
- Agreement on the cooperation model
 - Mutual commitment to the project
 - Cooperation agreement - model, format and terms to be discussed





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Thank You

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