

Food Hamper Initiative: Guiding Singapore SMEs In Expanding Their Footprints

The Food Hamper Initiative is a success story that acts as a catalyst for more food companies from Singapore to enter the Vietnam market



An initiative by
GlobalConnect@SBF and
**Singapore Food
Manufacturing Association**

Target SMEs: **12 Singapore
Food Manufacturers**
Industry: **Fast-Moving
Consumer Goods**
Expansion market: **Vietnam**

Challenges

- Multiple consumer barriers for Singapore SMEs to tackle Vietnam's FMCG market
- Lack of keen local sellers due to unknown consumer demand and preference
- High risks of an investment to enter an uncertain overseas market

Outcomes

- Successful execution on the Food Hamper Initiative within 4 months
- 12 Singapore manufacturers gain early-stage brand awareness in Vietnam
- Market entry through a list of Vietnamese distributors established for Singapore SMEs

The Food Hamper Initiative by GlobalConnect@SBF is one of the most successful overseas ventures of the company. The collaboration between GlobalConnect@SBF and Singapore Food Manufacturing Association ("SFMA") was set in motion to help Singaporean food companies jump onto the global bandwagon.

Owing to a massive population of 96.47 million and its fast-growing economy, Vietnam is one of the most promising stars in the consumer product sector. However, the Vietnam consumer market is also well-known for its high barriers to entry for foreign brands. The chances of penetration is incredibly slim for foreign SMEs.

Fast-moving consumer goods ("FMCG") scene in Vietnam

Vietnamese consumers have a strong loyalty towards FMCG brands that resonates with their daily lifestyle and culture, which explains why home-grown FMCG conglomerates such as Masan, VNM, Kinh can maintain stronghold position for decades.

Besides, the country is among the most price-sensitive markets in Southeast Asia, with over 81% of shoppers noticing a change in product pricing. There is also a public perception that international brands tend to be more expensive relative to locally produced goods.

According to Amy Wee, Country Head for Vietnam market from GlobalConnect@SBF, these pessimistic attributes have led to a wide gap between the Singapore food manufacturers and the Vietnamese supermarkets. The latter was not keen on selling food products from Singapore, presuming the small foreign brands unpopular among the locals.



Unconventional entry to overcome the hurdles

Though some of these food manufacturers did manage to contact the supermarkets in Vietnam, the odds of closing any business deals was very low. Hence, the team at GlobalConnect@SBF started to conduct extensive market research, particularly to access which potential Singapore food items should be “Vietnamized”.

The idea of food hampers was the inspiration of one of Amy Wee’s connections, a Vietnamese FMCG distributor well-versed with the local market. The distributor mentioned that this alternative way of market entry would be a good opportunity for participating Singapore food manufacturers to run a market acceptance test at a minimal initial investment.

Being aware of the target market’s consumer preference and market demand will be a valuable endorsement for SMEs to make better business decisions and future marketing strategies. GlobalConnect@SBF foresees the Food Hamper Initiative will be a springboard that places Singapore home-grown food brands on the international stage.

Strategic approach on time led to successful execution

With the initiative idea established, the team from GlobalConnect@SBF carefully selected 52 decent food products from 12 different Singapore brands. The shortlisted food products were exquisitely packed into a limited edition hamper for the upcoming Tết (Vietnamese Lunar New Year).

Leveraging on Amy Wee’s local connections in Vietnam, three supermarkets came on board as the food hampers’ distribution channel, namely Hapro, Ryan’s Grocery and Citimart. Meanwhile, SBF’s local team in Vietnam also helped in handling the logistics, marketing and promotion for the food hampers.

Post the Food Hamper Initiative, market experts from GlobalConnect@SBF would closely follow up with the three supermarkets’ decision-makers to get feedback on all 52 food products and their potential to expand into the Vietnam market. The finalised potential list of products will be a vital asset for the participating Singapore food manufacturers, as it allows them to have an idea of the consumer demand in Vietnam.



Something we want to do sincerely is to lead the initiative, and together with the other TACs, we have come to an understanding that through working together - we can help the Singapore SMEs.

Amy Wee, Country Head – Vietnam,
GlobalConnect@SBF

An innovative initiative to be replicated in other markets

Despite the Covid-19 lockdown challenges in the midst of this initiative, the food hampers were entirely sold out before Tết, deeming this project a success. Hence, this Food Hamper Initiative is lucrative and an important turning point for Singapore FMCG brands to venture into the Vietnam market.

It can be daunting for any SME to enter a new market without prior knowledge or experience, and SBF is aware of this unexpressed fear. Together with expertise from the GlobalConnect@SBF team, the Food Hamper Initiative has great aptitude to expand in the Southeast Asia region.

Opening doors for Singapore SMEs for a smooth landing

Moving forward, GlobalConnect@SBF will play a crucial role in ensuring that Singapore food manufacturers have a smooth landing and transition into the overseas market. Additionally, the team is also committed to ensuring that the SMEs can maintain consistent sales revenue levels and have sustainable future growth.

Cost optimisation is one of the vital elements for Singapore SMEs in mitigating the investment risks at the nascent stage of expansion.

Concurrently, the local team in HCMC has already come up with a list of local distributors in Vietnam. Amy will act as the moderator to showcase the 52 Singapore food products and engage any interested local distributor to put the products in their distribution pipeline.

Striving to put Singapore brands on the world map

Encouraged by this Food Hamper Initiative's success, GlobalConnect@SBF has launched business clinics for Singapore SMEs to share information and key takeaways from this project of market expansion into Vietnam. Together with FMSA, GlobalConnect@SBF pledges to always be a helping hand when it comes to Singapore SMEs shining on the international stage.

In building up Singapore SMEs' capabilities to sustain and grow in new markets, GlobalConnect@SBF thinks it is important to educate business owners to always have an open mind and retain a sense of being in awe of the unknown market acceptance.



If the Singapore food manufacturers do not wish to put too much money on setting up an office in Vietnam, they should use a local distributor.

Amy Wee, Country Head – Vietnam,
GlobalConnect@SBF

In the future, GlobalConnect@SBF envisions that SMEs in Singapore can expand their international presence alongside increasing the brand recognition of their products.



The door of opportunities has opened; GlobalConnect@SBF will continue its stride down the lane with Singapore SMEs.

globalconnect@sbf.org.sg
+65 6701 1133

globalconnect.sbf.org.sg

GLOBALCONNECT@SBF