



## THE MARKET

Hong Kong's frenetic lifestyle means that snack foods and eating on the run are a way of life. There is no reason why this snack-happy trend will not continue, but the focus may shift to healthier style food such as dried fruits, which are perceived to have more health benefits.

In the snack food market in Hong Kong the majority of consumers are women who are inclined to be more health conscious. Women tend to buy snacks for themselves and for their families. There has been an increase in specialised retail shops and this trend is obvious in the snack and fast food market, as consumers who are in a hurry don't want to waste time by queuing up to buy snacks in a large department store and so will tend to patronise a specialised snack outlet.

## ACHIEVEMENTS

In less than ten years Aji Ichiban has developed its confectionery business to more than 80 outlets in Hong Kong and more than 150 outlets in China, Singapore, Europe and the US with more than 1500 staff. Sales turnover is currently about HK\$500 million per year for the Hong Kong market.

Over the years, Aji Ichiban has received numerous accolades. In 1999, the Chinese Manufacturers' Association of Hong Kong ranked Aji Ichiban as one of the Hong Kong Top Ten Brand names. Also in 1999, Aji Ichiban won the Top Ten Business Maker Award.

## HISTORY

Aji Ichiban was founded by the current President Lai Chan Yuk Hing and Managing Director Lai Hin Tai in 1993 in Hong Kong. Aji Ichiban means "taste, the best!" in Japanese. The Lais used a Japanese brand name since most of the goods were imported from Japan. Also Hong Kong people have a very positive perception of Japanese-style snacks. The first Aji Ichiban shop was located in North Point. In 1994, some of the other outlets were run by franchisees, but by

1996, all outlets excluding the overseas stores were wholly owned by the Lais. This move was to guarantee better quality control and management of all Aji Ichiban stores.

## THE PRODUCT

Aji Ichiban has three major products categories: preserved fruits, savoury snacks and confectioneries/candies. Preserved fruits cover a wide variety of fruits -

More than 300 kinds of confectioneries/candies are sold in each Aji Ichiban. The candies are mostly purchased from Japan and Europe. Confectioneries/candies in Aji Ichiban are placed in the "pick and mix" section - all retailing at the same price so customers can freely 'pick and mix'.

Aji Ichiban has now started selling various products with different pricing strategies to suit ever-changing market needs and different market segments. As well as being very price sensitive, Aji Ichiban products are sold loose and in packs for convenience. Some of the products may even appear in more than five different packaging formats.

Customers are freely encouraged to try Aji Ichiban products and there are always free samples available. This has the knock-on benefit that people can learn what they like, and are not dependent on a good salesperson to sell them a particular product. Also the shops have no fixed doors, so customers can access the Aji Ichiban shops very easily and exit quickly once they have made a purchase, yet should a customer wish to browse, there is ample provision for them to do so and a willing sales force to advise if necessary.

In order to ensure every product sold in Aji Ichiban is of a consistently high quality, Aji Ichiban has set up a strong purchasing team as well as a quality control unit. The purchasing team is responsible for purchasing and selecting the best manufacturers for the different kinds of snacks from the

Original Equipment Manufacturing (OEM) manufacturers. Products are then sold under the Aji Ichiban label. Aji Ichiban has its own re-packaging factories in both Hong Kong and China, together with



plums, strawberries, pineapples, apricots, mangoes, pears, apples, grapes etc. To be able to offer customers optimum quality, fruits to be preserved are usually purchased from different countries. For example, prunes from California are of a better quality than those from China. The prunes are exported from California to China where they are preserved and flavoured to suit local tastes, using the latest state-of-the-art preserving techniques. The same applies to longans and pineapples imported from Thailand. Snacks are sourced from all over the world including dried mango slices from the Philippines.



their own fleet of trucks for product distribution. This ensures the products are in the best condition.

Aji Ichiban has its centralised logistic centre in Hong Kong where all products are kept in a nine-storey air-conditioned warehouse. Aji Ichiban places a premium on freshness, so as soon as the product is ready for sale, it is distributed as quickly and efficiently as possible, so products are on the shelf within one and a half months of being made. Aji Ichiban has a very fast turnover, so the company can be sure that they are constantly offering their customers the freshest product



at all times.

All franchisees purchase the goods directly from Aji Ichiban so quality and consistency are guaranteed to be the same as Hong Kong.

### RECENT DEVELOPMENTS

Traditionally snacks have always been packed in colourful bags, but as the trend has moved towards healthy eating, Aji Ichiban now packages its products in transparent bags, so the customer can see the product and be aware of how fresh and hygienically it is presented. Before 1997, most products were sold in a pack which retailed for HK\$10. This gave customers a clear pricing strategy and a clear concept of shopping in Aji Ichiban. To meet the demand of various packaging scenarios, Aji Ichiban has started to provide a wider range of choices such as different gift sets so new packaging was produced to meet the market needs. Since 2001, Aji Ichiban has devoted much research to individual packaging for preserved fruits such as raisins and dried plums. This has greatly improved the perception of hygiene and



convenience in customers' minds.

In 2002 Aji Ichiban made and sold their own mooncakes (a new healthy style without cholesterol) during the Mid-Autumn Festival. This was the first time that Aji Ichiban had made and sold Chinese traditional confectionery. This initiative proved so successful Aji Ichiban hopes to make more products which tie in with Chinese celebrations throughout the year.



### PROMOTION

Aji Ichiban knows that the key point in marketing is brand building wherein interactive advertising and promotions are essential. The advertising mix includes radio, cable television, television, newspapers, magazines and Internet advertising.

Advertising and sales promotion budget is not under HK\$10 million per year, and the company has been at the forefront of clever and timely marketing campaigns such as the recent FIFA World Cup promotions when world cup themed posters and flags were hung outside all the Hong Kong stores. This was a clever initiative to target Aji Ichiban's male customers and encourage them to snack while watching football on television at home.

In order to maintain customer loyalty and the popularity of Aji Ichiban, many marketing campaigns and events have taken place throughout the year. Important festivals such as Chinese New Year and Christmas offer chances for Aji Ichiban to run special promotions to strengthen customer loyalty each year.

### BRAND VALUES

For most Hong Kong people, Aji Ichiban is perceived as offering fresh, hygienic and tasty snacks

at a reasonable price. As well as quality products, Aji Ichiban aims to provide excellent pre and after sales

services to each customer who walks into any of their outlets. All staff undergo rigorous training and are well equipped to answer customers' questions. All products sold in Aji Ichiban offer a satisfaction guarantee meaning customers can exchange products or get a cash refund at any outlet. This not only protects the customers who shop at Aji Ichiban, but also helps build the brand in customers' minds.



### THINGS YOU DIDN'T KNOW ABOUT AJI ICHIBAN

- Research has shown that eating snacks is the most popular method of combating stress among Hong Kong people
- Dried mango slices is one of Aji Ichiban's best selling items along with flossy pork from Thailand, seasoned scallops and "Ribbon Karintou" from Japan
- Aji Ichiban has more than 3000 Stock Keeping Units
- More than 1,000 tonnes of candies and chocolates are sold by Aji Ichiban each year
- Over 70 percent of Aji Ichiban's customers are female - this means that 80 per cent of the company's turnover is generated by women