



**Asia-Pacific
Economic Cooperation**

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Best Practices and Success Factors of OVOP Targeting Global Market

Submitted by: Japan



**Seminar on APEC Global One Village One
Product Models
Bangkok, Thailand
14 December 2011**

**APEC Global “ One Village One Product (OVOP) “ Seminar
- Best Practices and Success Factors of OVOP Targeting Global Market –**

**Survey and Analysis on Advanced OVOP Best Practices
and Business in the APEC Region Highlighting;**

- (1) High-Value Added Products by taking advantages of
Local Resources**
- (2) Succeeding in getting access to Global Market**

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Presented by Mitsubishi Chemical Techno-Research Corporation
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Survey and Analysis Overview

- Background and Objectives
- Survey and Analysis Items
- Methodology
- Research Findings

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Background and Objectives

Background

- In 2010, the APEC Small and Medium Enterprises Ministerial Meeting agreed on efforts to **pursue the Gifu Initiative**, which emphasized the significance of “taking advantage of domestic and/or regional resources to develop high-value added products, and **supporting the effort to sell the products to the global marketplace.**”

Objectives

- In response to the agreement made at the meeting, we conducted the research on the best practices of utilizing local resources in the APEC region **as a stepping stone to have the assistance programs widely known and used in the region.**

Survey and Analysis Items

Collecting information and analyzing success factors on the best practices including;

- (1) Regional resources and its regions
- (2) Strategies and processes of making higher value-added products out of regional resources
- (3) Measures and processes of enabling those products to be sold more widely in global market
- (4) Support measures utilized in the processes of making or selling regional products and contributions of the measures
- (5) Support measures by governments
- (6) Challenges facing in the processes of making or selling those products and what were done to overcome those challenges

Methodology

(1) Searching through literature and the Internet

- **Key words:** small and medium enterprises; local; prefecture; city; village; OVOP; OTOP; SDSI; resource; local product; local specialty; using; utilizing; added value; merchandise; product; industry; brand; assistance; overseas; export; sales channel; success; example; strategy; policy
- **Search formulae:** (small and medium-sized enterprise OR local OR prefecture OR city OR village OR OVOP OR OTOP OR SDSI (resource OR local product OR local specialty) (using OR utilizing) (added value OR brand) (merchandise OR product OR industry) (success OR example) (overseas OR strategy OR assistance OR policy)

(2) Extraction of successful examples (Best Practices)

The following points are considered,

- Fitting to the concept of OVOP and the purpose of this research (globally active but local enterprise)
- Being comparatively small and medium business scale and continuing their business at present.

(3) Analyzing gathered information

Identifying common success factors, categorizing the collected successful examples, and creating tables showing the examples by category

(4) Interviewing businesses

1) Selection of economies to interview

Japan, Korea, Chinese Taipei, and Thailand, effective in analyzing the success factors.

Korea and Chinese Taipei are close to Japan and are thought to be efficient in conducting research in a limited time.

Thai government eagerly promotes OTOP (Abbreviation of One Village One Product movement in Thailand) nationwide and to host the SMEWG meeting in November 2011

2) Interviews

- Contacting the enterprises by phone or email
- Contacting key person of the successful examples in the selected economies

Research Findings

(1) Economies

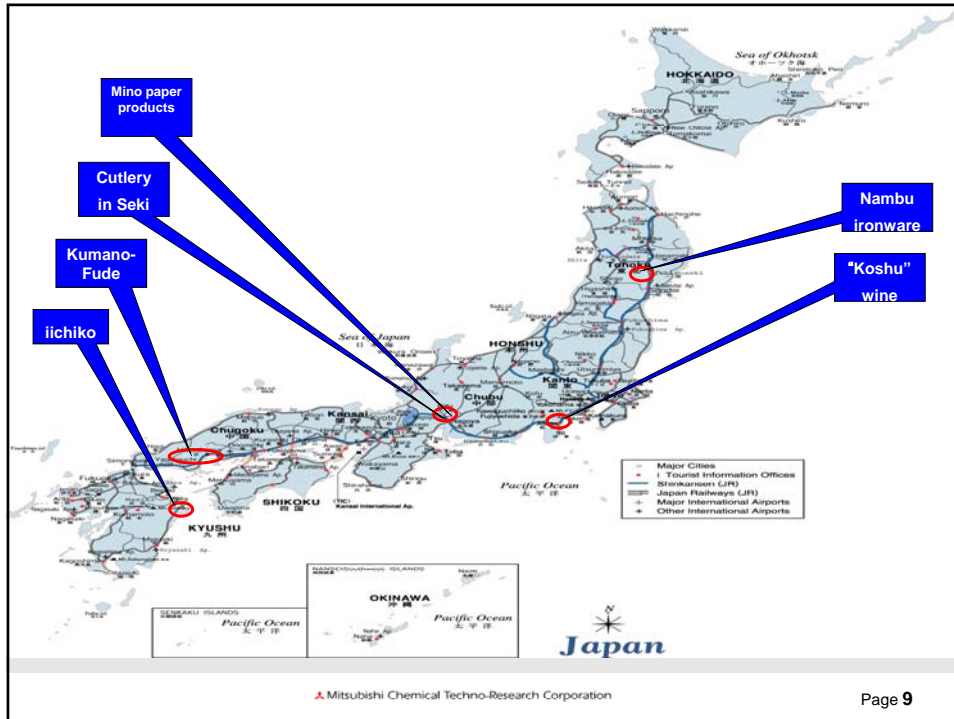


Research Findings (2) Survey Overviews

Economies	Number of Candidates	Best Practices
Japan	75	6
China	8	2
Chinese Taipei	14	2
Indonesia	8	2
Korea	17	2
Malaysia	3	1
Thailand	13	3

Research Findings (3) Summary of Best Practices in Each Economies


Economies	Best Practice Products	Enterprises
Japan	① Kumano-Fude(Kumano Brush) ② Koshu Wine ③ Japanese Paper Products ④ Nambu Ironware ⑤ Ilchiko ⑥ Cutlery in Seki	Chikuhodo Co., Ltd. Chuo Budoshu Co., Ltd. Ieda Paper-craft Inc. Oigen Foundry Co., Ltd. Sanwa Shurui Co., Ltd. Sumikama Cutlery Mfg.Co.,Ltd.
China	⑦ Artistic Tea ⑧ Bamboo Product	Fuan Kongfu Tea Co., LTD Zhongyu Esco Science and Technology Industry Co., Ltd.
Chinese Taipei	⑨ Malasun ⑩ Yingge Pottery	Dream works of the Meizi of Township Farmer's Association TAI-HWA POTTERY
Indonesia	⑪ Luwak Coffee ⑫ Markisa	Kopi Raja Luwak CV. Surya Lestari
Korea	⑬ Andong salted mackerel ⑭ Mud cosmetics	Andong Salted Mackerel Co., Ltd. Boryeong Mud Korea Co., Ltd.
Malaysia	⑮ Pewter	Royal Selangor International
Thailand	⑯ Rice Cracker ⑰ Plara ⑱ Water Hyacinth furniture	Khaotan Mae Bua Chan Plara Kosum Yothaka International Co., Ltd.



Japan – 6 examples (1/2)

<p>① Kumano-Fude</p>  <p>Face & Cheek brush</p>	<p>Developed domestic and global markets by: manufacturing makeup brushes with which effective makeup effects can be obtained with the local traditional brush-making technique; branding them as high-quality makeup brushes which are recognized by cosmetics makers and makeup artists; and establishing various sales channels. (ca. 5% export of sales.)</p>
<p>② "Koshu" wine</p> 	<p>Developed domestic and global markets by: making high-quality wine from the "Koshu" grape, a native species to Japan with the improvements made to brewing technique; and actively participating in various trade fairs and exhibitions. (ca. 2% export of sales.)</p>
<p>③ Mino paper</p> 	<p>Developed domestic and global markets by: producing hand-made Japanese paper based on traditional Japanese paper manufacturing techniques; creating Japanese paper products, including one that can be readily attached to windows just with water; and actively participating in trade shows and expos. (ca. 2.6% export of sales.)</p>

Japan – 6 examples (2/2)

<p>④Nambu ironware</p> 	<p>Developed domestic and global markets by: manufacturing iron kettles, tea pots, pans and wind chimes (Furin) with the Japanese traditional technique and rust prevention technique for casting, molding and finishing of pig iron; and through partnership with local major distributors. (ca. 20% export of sales.)</p>
<p>⑤iichiko</p> 	<p>Developed domestic and global markets by developing a <i>shochu</i> meeting consumers' taste using a traditional Japanese brewing technique, where 100% barley and local clear soft water are used; and using trading companies. (ca. 1% export of sales.)</p>
<p>⑥cutlery made in Seki</p> 	<p>Developed domestic and global markets by: producing high-quality cutlery and kitchen wares by combining traditional Japanese forging and processing techniques with advanced metallic materials; actively participating in trade shows and expos; and by using major local distributors. (ca. 60~70% export of sales.)</p>



China – 2 examples

⑦ Linong Artistic Tea



The flower tea has a history of as many as 1,000 years in China. The company has developed Artistic Tea whose look, taste, and smell you can enjoy altogether. They have diversified the product line, actively participated in trade fairs and exhibitions, used celebrities, and forged partnership with good local distributors to develop domestic and international markets. (ca. 50% export of sales.)

@Bamboo products



Using local bamboos as a substitute for wood, the company manufactures earth-friendly bamboo products. They differentiated the products from their competitors by quality improvement and branding, and developed domestic and international markets by diversifying the products, offering free sign-up for their website, vigorously participating in trade fairs and exhibitions, and forging partnership with a good local distributor. (ca. 40% export of sales.)



Chinese Taipei – 2 examples

⑨ Malasun, made of millet

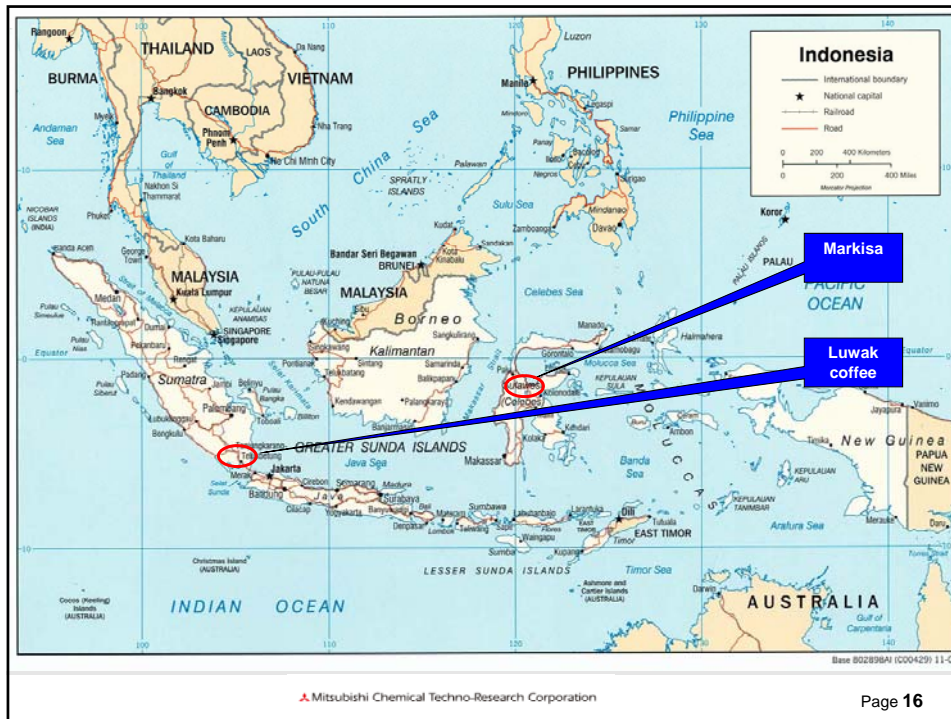


Developed domestic and global markets by: differentiating the traditional wine of an indigenous people of Chinese Taipei based on and by utilizing the local history and culture; cross-industrial collaboration; developing tools for diversified promotion, advertising and sales activities; forming partnership with major local distributors; and using the existing sales channels. (ca. 17% export of sales.)

⑩ TAI-HWA POTTERY



Developed domestic and global markets by: transforming the traditional craft products to artistic colored china pottery which represents the modern consciousness of the Chinese Taipei through cross-industrial collaboration; diversifying the products; and marketing with great products and through word of mouth. (ca. 50% export of sales.)



Indonesia – 2 examples

⑪ Luwak coffee

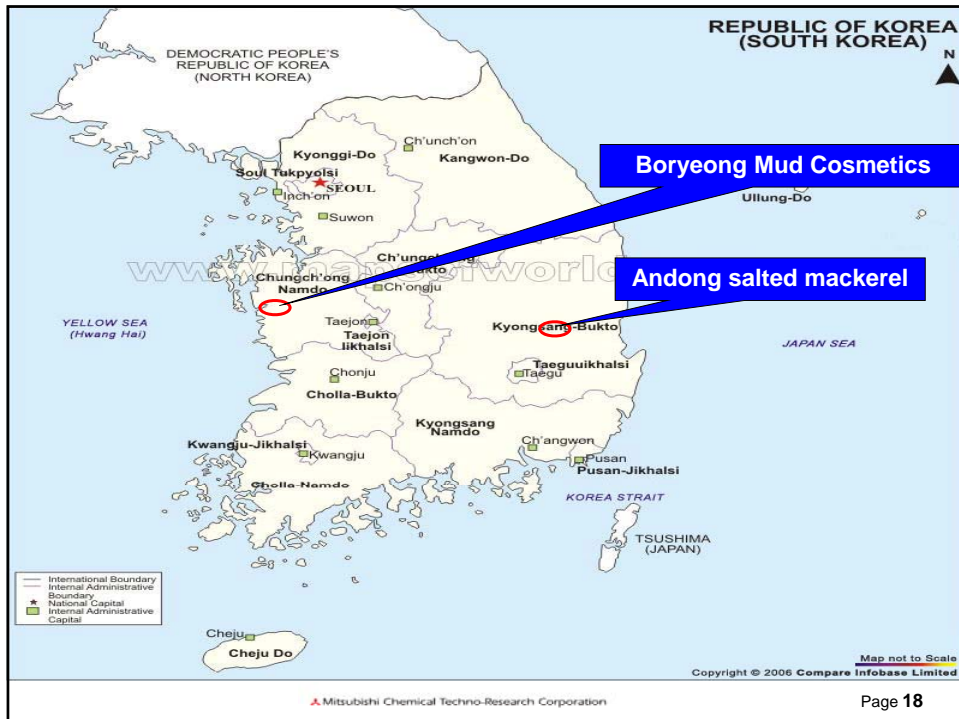


Developed domestic and global markets through: differentiation from similar products by using a unique production process and trading companies, etc. (Export: Unknown.)

⑫ Markisa Syrup



Developed domestic and global markets by: processing the Markisa, a locally grown fruit (passion fruit) into syrup; differentiating by package design; branding; diversifying the products; and actively participating in trade fairs and exhibitions. (ca. 42% export of sales.)



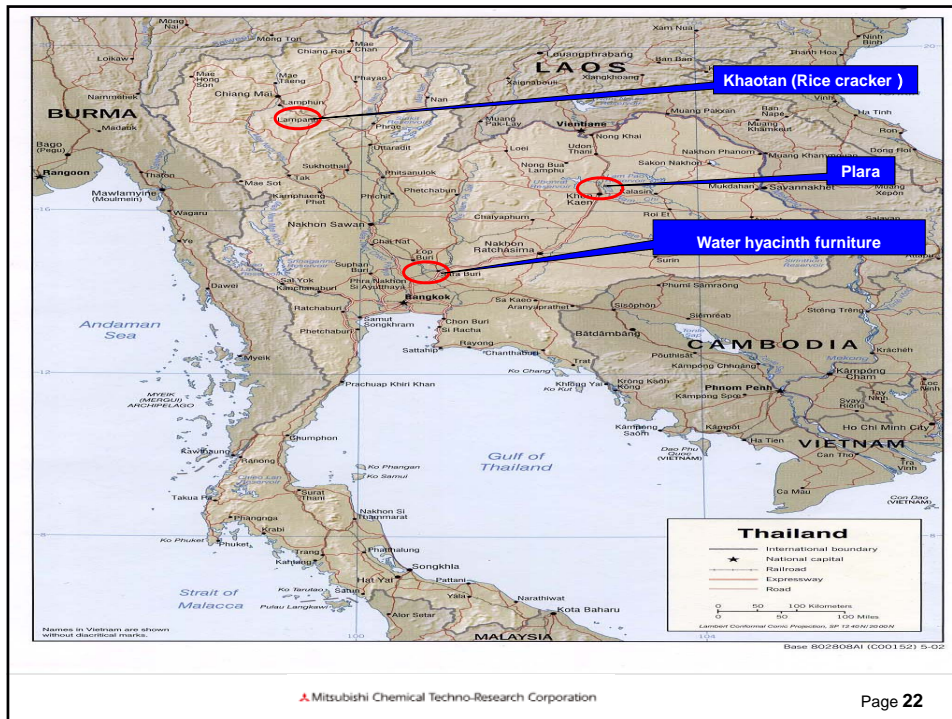
Korea – 2 examples

<p>13 Andong salted mackerel</p> 	<p>Developed domestic and global markets by: commercializing a local specialty product based on the understanding of the market needs; achieving differentiation from similar products and product diversification by using a traditional technique as well as unique techniques developed for quality improvement; actively participating in trade shows and expos; developing diversified advertising, PR and sales tools; and obtaining quality certifications for enhanced domestic and overseas sales. (ca. 2.8% export of sales.)</p>
<p>14 Boryeong Mud Cosmetics</p> 	<p>Developed domestic and global markets by: developing high value added mud cosmetics through the active utilization of mud from the mudflats on the shore of a local beach that appeared having no special value; achieving differentiation from similar products and product diversification through quality improvement; actively participating in trade shows and expos, developing diversified advertising, PR and sales tools; and effectively using governmental assistance programs. (ca. 10.7% export of sales.)</p>



Malaysia – 1 example

<p>Pewter</p> 	<p>Developed domestic and global markets by: producing a creative, casual and unique product through use of tin, a local resource and with the over 100 years of technique, which was hand made by skilled craftsmen; diversifying products; utilizing the effects of celebrities; and through partnership with major local distributors. (Export : Unknown.)</p>
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Thailand – 3 examples

⑯ Rice cracker



Developed domestic and global markets by: differentiating the products from same type of products manufactured by other companies, through improvement of traditional local food recipe and improvement of quality; diversifying products; and developing tools for diversified promotion, advertising and sales activities. (ca. 15% export of sales.)

⑰ Plara



Developed domestic and global markets by: differentiating the products from same type of products manufactured by other companies, through improvement of traditional local food recipe, package designing, hygienic packaging and branding; diversifying products; and obtaining quality certificates. (ca. 5% export of sales.)

⑱ Water hyacinth furniture



Developed domestic and global markets by: processing water hyacinth, unwanted weed into furniture for the first time in the world with the traditional technique; by differentiating the product from others through quality improvement; and actively participating in trade fairs and exhibitions. (ca. 83.3% export of sales.)

Analyses of Successful Examples

☆ High-value added products by taking advantages of local resources

- Factors in successful creation
- Issues in creation

☆ Succeeding in getting access to Global Market

- Factors in successful development
- Issues in development

☆ Achievements made with help from government/challenges

High-value added products by taking advantages of local resources (1/3)

Order	Success factor	Best Practices Number (Total number for each factor)
1	Differentiation by	(19)
	(1) Quality improvement	⑦ ⑧ ⑬ ⑭ ⑯ ⑰ ⑱
	(2) Branding	③ ⑦ ⑧ ⑪ ⑫ ⑰
	(3) Others	
	a. Utilizing local history and culture	⑨ ⑪
	b. Package design	⑫ ⑰
	c. Unique recipe	⑯ ⑰
2	Utilization of local resources and/or traditional techniques	① ② ③ ④ ⑤ ⑥ ⑬ ⑮ ⑱ (9)
3	Identification of market (consumer) needs and delivery of products	① ⑤ ⑩ ⑪ ⑫ ⑬ ⑭ ⑱ (8)
4	Creation of products by innovative ideas and new concepts	③ ④ ⑥ ⑦ ⑨ ⑩ ⑮ (7)

High-value added products by taking advantages of local resources (2/3)

Order	Success factor	Best Practices Number (Total number for each factor)
5	Addition of high value unique to the company	(5)
	Exploration of usage of added value	①
	Addition of rarity value by selecting distributors	⑨
	Added-value creation by model changes	⑩
	Creation of high value added products by close cooperation among industry-academia-government	⑬
	Addition of high value by technological improvement	⑯

High-value added products by taking advantages of local resources (3/3)

Order	Issue	Best Practices Number
1	Fund shortage	⑧ ⑭
	Raw materials	② ⑨
3	Improvement of the ratio of sales of own original products	①
	Development of new product use	③
	Further development of production technique	④
	Response to changing consumer tastes	⑤
	Response to exchange rate fluctuations	⑥
	Preservation of techniques specific to the region	⑩
	Restriction and increase of production	⑪
	Quality improvement	⑱

Succeeding in getting access to Global Market (1/4)

Order	Success factor	Best Practices Number (Total number for each factor)
	Product development	(17)
1	Widening range of products	④ ⑥ ⑦ ⑧ ⑨ ⑩ ⑫ ⑬ ⑭ ⑮ ⑯ ⑰
2	Development of unique product in the market	④ ⑬ ⑱
3	Development of high-end products	①
	Improvement of packages	⑱

Succeeding in getting access to Global Market (2/4)

Order	Success factor	Best Practices Number (Total number for each factor)
	Product promotion	(19)
1	Active participation in trade shows and expos	② ③ ④ ⑥ ⑦ ⑧ ⑫ ⑬ ⑭ ⑯
2	Development and use of diversified advertisement, PR and sales tools	⑧ ⑨ ⑬ ⑭ ⑯
3	Use of celebrities	⑦ ⑩ ⑭ ⑮

Succeeding in getting access to Global Market (3/4)

Order	Success factor	Best Practices Number (Total number for each factor)
	Product marketing	(30)
1	Partnership with major local distributors	④ ⑥ ⑦ ⑧ ⑨ ⑫ ⑮ ⑰
2	Branding (market development)	① ③ ⑤
	Use of trading companies	⑤ ⑯ ⑰
	Acquisition of quality certifications for sales expansion in the domestic and overseas markets	② ⑬ ⑰
	Cross industrial alliance	⑩ ⑭ ⑮
7	Identification of markets and development of sales channels	① ⑫ ⑰
	Utilization of existing sales channels	⑩ ⑰
9	Guidance from consultant (professional) for establishing presence in the overseas market and training of future consultant	② ⑭
	Enhancement of price competitiveness	①
	Quality products and marketing by word of mouth	⑩
	Utilization of online sales	⑰

Succeeding in getting access to Global Market (4/4)

Order	Issue	Best Practices Number
1	Copied products	⑦ ⑨ ⑪ ⑰ ⑱
2	Marketing	① ③ ⑬ ⑰
3	Response to exchange rate fluctuations	① ②
4	Exploration of product value	③
	Continuation of collecting information on local needs	④
	Protection of intellectual property rights	④
	Stagnant global economy and changing consumer needs	⑤
	After-sale customer service	⑥
	Inefficient administrative procedures	⑭
	Acquisition of quality certifications	⑰

Achievements made with help from government/challenges

Order	Achievement made with help from government/Issue	Best Practices Number
1	Utilization of export assistance program	① ③ ④ ⑥ ⑦ ⑧ ⑩ ⑬ ⑭ ⑱
2	Financial support for commercialization and support for product promotion	③ ⑤ ⑨ ⑬ ⑭ ⑰
3	Cooperation with and assistance from the region	① ② ③ ⑤ ⑥
4	Assistance for quality certifications acquisition	① ② ⑬
	Technical training and assistance	② ④ ⑰
	Needs for the government	⑪ ⑫ ⑰

Checklist for successful launch of high-value added product that utilizes local resource

1. Use of local resource
2. Creation of product/service
3. Sales channel development/Sales promotion (domestic/overseas market)

Checklist for successful launch of high-value added product that utilizes local resource

1. Use of local resource

1) Agricultural/Marine product		Check
① Is the resource regularly available year-round?	If the resource is seasonal, you need to secure a preservation technique as well as a production method out of season.	
② Is the resource constantly available over the long term?	Consider nurturing producers, how to stably obtain the material when the production volume increases, and how to conserve the resource.	
2) Traditional art and craft skill		Check
① Is the traditional skill reinforced by a unique technique and/or know-how?	Marry the traditional skill with a technique, design, and quality meant to create new value.	
3) Driving force of project		Check
① Is the community enthusiastic about promoting the town/village?	You need a key person in the organization that will lead the project.	

Checklist for successful launch of high-value added product that utilizes local resource

2. Creation of product/service

1) Product/Service planning		Check
① Does the product/service offer the value that customers require?	Overseas and domestic customers may have significantly different tastes.	
② Is the new product/service suitable for today's market?	It is vital that the product/service satisfies today's needs.	
③ Are the name, brand, and design suited for the product?		
2) Sales planning		Check
① Does the product/service differentiate itself from competitors'?	e.g. highly functional, high performance, high quality; consumer services; brand name	
② Does the product/service suit end-consumers' taste?	Consumers from different culture have different values and tastes.	
③ Have you trademarked the product/service?	Caution is advised especially on overseas markets.	
3) Product manufacturing		Check
① Have you secured technology and equipment for manufacturing the product?	It is vital to regularly produce the high-quality product.	
② Have you obtained a patent or utility model right for the manufacturing technology?		

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Checklist for successful launch of high-value added product that utilizes local resource

3. Sales channel development/Sales promotion (domestic/overseas market, 1/3)

1) Domestic market		Check
1-1) Establishing sales channels		
① Have you established sales channels best suited for delivering the product/service to end-consumers?	Distributors, department stores, online stores, catalog sales, OEM, other	
1-2) Product recognition building		
② Have you continued to participate in exhibitions and trade shows to publicize the product and to understand the market needs?		

Checklist for successful launch of high-value added product that utilizes local resource

3. Sales channel development/Sales promotion (domestic/overseas market, 2/3)

2) Overseas market (export)		Check
2-1) Understanding overseas market and product planning		
① Is any similar product/service available on the foreign market?	If not, you need to create demand for the product/service. (This could be difficult for cultural or any other reasons unique to the market.)	
② Do you understand the customer base and their needs in the foreign market?	It is vital to understand customers who desire high-value added products/services.	
③ Does the product/service suit the taste of the customers in the country?	The launch of a domestically hot-selling product/service could fall through if its design is not tailored to the foreign market.	
④ Have you trademarked the product/service?	If a foreign business has a similar trademark registered, you cannot export the product/service with your company's trademark.	
⑤ Have you obtained standards certificates, such as FDA, ISO, GMP, or any other certificates required to export the product/service to the target foreign market?	You cannot export the product/service without the standards certificate(s).	
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Checklist for successful launch of high-value added product that utilizes local resource

3. Sales channel development/Sales promotion (domestic/overseas market, 3/3)

2-2) Establishing overseas sales channels		check
⑥ Have you secured sales channels to deliver the product/service to overseas consumers by such means as using an exporting trade company and/or a local distributor?	Since regulations and business practices vary depending on the country, it is helpful to use human resources well versed in how business is done locally.	
2-3) Product recognition building		
⑦ Have you continued to participate in exhibitions and trade shows to raise consumers' awareness of the product/service?	It is vital to keep participating in such events to understand the needs of overseas consumers (buyers and individual consumers).	
2-4) Other		
⑧ Do you make use of programs offered by the government or any other institutions that support export?		
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Thank you for your attention !