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# Singapore - Gateway to Asian Consumers

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# Asia's Lifestyle Lab for Consumer Businesses

EDB's purview of the Consumer Businesses spans through the range of fast moving consumer goods (FMCG) and lifestyle companies that include consumer care, food, nutrition and food services companies. Supporting industries such as flavours and fragrances and specialty ingredients are also EDB's focus areas.

## The Asian growth story

The World Bank predicted that the global middle class will swell from 430 million in 2000 to 1.15 billion in 2030. Developing countries will be home to 93% of the global middle class, up from 56% in 2000. There is no doubt that Asia, with its growing population, will be a significant contributor to the world's economic activities, and demand for food and consumer products will correspondingly increase.

## Be in Asia to know Asia

Understanding the subtleties of Asian tastes and preferences could only be accomplished effectively by being in Asia. Singapore, one of the most developed and vibrant city-states in Asia, is the perfect location for companies to base themselves.

## Consumer insights for Asia

As a multicultural city that is strategically located at the heart of Asia, comprising of Chinese, Malays, Indians and Eurasians, Singapore is well-positioned to partner consumer products and services companies to understand and meet the unique and growing needs of the Asian consumers. A diverse foreign community with one in four residents being non-Singaporean adds to the nation's unique heritage blend and cultural diversification. With the availability and growing base of firms for market research, sensory and cognitive behavior, branding firms and creative agencies could facilitate global brands to understand and meet the different market needs in Asia.

## Base to internationalise and develop brands for Asia

Singapore, positioned at the crossroads of East and West, could be the base for companies who wish to tap into the Asian market. Consumer companies are invited to leverage on this and tap into Singapore's strengths and unique positioning, as the base to design and develop new concepts and ideas primed for Asia. As a cosmopolitan city, Singapore would be an optimal test-bedding location.

# Consumer Care

Today, Singapore has a vibrant consumer care sector, with more than half of the top 20 global players having a regional base in Singapore. These companies undertake a full range of activities across the entire value chain - manufacturing, R&D and headquarter services.

Consumer care companies with such significant presence in Singapore include:

- Johnson & Johnson
- Kimberly-Clark
- L'Oreal
- Procter & Gamble
- Unilever

## Procter & Gamble

With over 1300 employees in Singapore, P&G has the entire value chain of activities in Singapore - from innovation, R&D, manufacturing to business headquarters.

As its business headquarters, P&G manages the greater Asia-Pacific region from Singapore. Its scope here covers strategic planning, marketing and branding, finance, HR and supply chain management. In addition, Singapore is also the global business headquarters for SKII, P&G's premium skincare product.

P&G's R&D, innovation and creative teams work with its regional consumer marketing teams to gather consumer insights and develop products to meet Asian consumer needs.

In 2008, P&G established its first manufacturing activity with a multi-million dollar perfume plant in Singapore; it is a further testament to the company's commitment to innovation in the region.



*"P&G has invested significantly in Singapore, in both infrastructure and people. It's a strategic base for operations across Asia and provides a stable operating environment, excellent infrastructure and skilled talent."* - Bob McDonald, CEO, P&G





# Food & Nutrition

Singapore's strong focus on food science and nutrition, coupled with a knowledge-intensive manufacturing base, are key reasons why Singapore plays host to many of the global leaders in the food, beverage and nutrition sector.

As the Asian palates become more sophisticated and demanding, Asian consumers expect more than just imported products. Singapore is always primed to capture ever-changing consumer insights and translate them into new innovations, serving as the test-kitchen for Asia.

Some of the companies that have jumped on the Singapore bandwagon include:

- Cadbury Plc
- Danone
- Kraft
- McDonald's
- Meiji Seika
- Nestlé
- Nissin
- Rikevita
- YUM!

## Burger King

Burger King (BK), the world's leading fast-food chain, opened its first independently run concept store targeted at youths in Singapore. Using non-traditional design and décor, this restaurant also serves as an innovative test-bed for the introduction of new products that will be subsequently rolled out at other BK restaurants in Singapore and Asia-Pacific region. Here, customers will not only be treated to its iconic products but also get to pilot-test new ones developed by its Test Kitchen, where products are customised to Asian preferences.

## Nestlé

The world's largest food company has been a partner in Singapore since 1968. Today, Nestlé Singapore is the world's largest producer of Protomalt, a key ingredient of the Milo/Nesquick beverage. Nestlé

also hosts an R&D centre, as well as an Asian Science and Technology centre in Singapore. Nestlé strives to satisfy local tastes and cultural flavours in each of their markets and hence, the Singapore R&D centre is involved in the development of food products catering to this region. Nestlé Singapore is also responsible for various regional functions such as finance, treasury, management and human resource. In addition, it manages various global brands from Singapore including Nespresso, Nestlé Healthcare and Infant Nutrition.

## Pokka

Pokka today innovates, manufactures and markets more than 40 varieties of beverages for the Singapore and global market outside Japan. Its R&D and marketing strategy that was developed through its Singapore office has allowed Pokka to become a niche and leading player in the Ready-To-Drink (RTD) beverage market. This was possible through the intimate understanding of Asian consumers and creation of new flavors for the Asian market, harnessing the unique Asian ingredients found in the region. Some of these drinks such as the Lemonsi Delight and Elderflower Tea were created as joint efforts with Singapore Polytechnic.



# Lifestyle & Hospitality



Singapore has the privilege to host the regional headquarters of renowned global hotel chains, luxury brands, fashion brands and alcohol companies, including half of the world's 15 luxury brands.

Some of these lifestyle companies in Singapore include:

- Luxury: DFS Group, Gucci, Hermès, LVMH, Richemont, Rolex and Swarovski
- Fast Fashion: Crocs, Esprit, Levis Strauss, MUJI and Wacoal
- Alcohol: Diageo, Moet Hennesy, Pernod Richard and Remy Cointreau
- Hospitality: Accor, Four Seasons, Hilton, Intercontinental, Jumeirah and Starwood

## Starwood Hotels & Resorts

Boasting a diverse portfolio of reputed hotel brands, Starwood Hotels & Resorts, a leader in the hospitality arena, established its regional management hub in Singapore. The hub oversees and provides shared services to its offices in the Asia-Pacific region. Beyond such support services, Singapore also plays a key role in driving branding and marketing strategies for the region. As testament to Singapore's strength as a regional centre for talent development, Starwood leverages Singapore as its base to provide management training and development to senior managers.

## LVMH Group

The LVMH group is one of the world's largest luxury goods conglomerates. The group undertakes a variety of strategic regional activities in Singapore including supply chain management and distribution (including customised packaging and labeling), branding, marketing and leadership training. The brands performing such activities in Singapore include DFS Group Limited, LVMH Fashion & Leather Goods, LVMH Fragrances & Cosmetics, LVMH Watches & Jewellery and Moet Hennessy.

## Remy Cointreau

Reputed as one of the world's leading players in cognacs and fine liquors, Remy Cointreau chose Singapore to be its Asia-Pacific headquarters for domestic retail markets (excluding China) and global headquarters for travel retail. The Singapore office drives the group's expansion efforts in the region, developing branding and marketing strategies in collaboration with the respective regional markets. The group has also made Singapore its Regional Supply Chain Hub to support its expansion efforts in Asia-Pacific. Capitalising on the logistics capabilities of Singapore, the company will also undertake product innovation, packaging and counter design activities. This is the group's single most extensive hub outside of Paris.





# Supporting Industries

Asia's growing affluence not only breeds an increased demand for consumer products and services, it also enhances the growth of supporting industries that strengthen the consumer product ecosystem.

Singapore is proudly home to top companies such as:

- Flavours and fragrances: Firmenich, Givaudan, IFF, Symrise and Takasago
- Specialty consumer ingredients: Croda, Nikko Chemicals, Tate and Lyle and Toshiki Pigments

## Flavours and fragrances

The world's top 5 flavours and fragrances (F&F) companies have made Singapore their base to manage growth in Asia-Pacific. The central importance of the Asian region is underscored by the wide range of strategic activities undertaken in Singapore. Companies such as Firmenich, Givaudan, IFF, Symrise and Takasago not only have high-value manufacturing operations, but also possess R&D and regional headquarter functions here. In addition, these leading players have also set up 'Halal' centres of competence to tap into the Muslim markets out of Singapore.

## Nikko Chemicals

Located in the heart of the chemicals industry - Jurong Island, Nikko Chemicals' ethoxylation plant is the company's first overseas manufacturing facility. The plant manufactures high quality ethoxylated surfactants, chemical compounds used as ingredients for cosmetics and toiletries. Many of Nikko Chemicals' products use palm oil and other similar plant-derived oils, which are abundantly available in the areas surrounding Singapore.

*"Singapore was selected as the company's production base because it is an attractive destination of investment with an advantageous location as a global business hub, well-developed logistics and network of Free Trade Agreements."* - Shigeru Sekine, President, Nikko Chemicals



## Research, Development & Innovation

Singapore focuses on science-based innovation, which draws on the nation's strong biomedical sciences and engineering research capabilities. The world-class "plug-and-play" facilities at the Biopolis and Fusionopolis have drawn top global scientific and creative talent, while bridging various collaborations between the public sector and private enterprise in the process.

This effort is backed by the network of 15 public-sector research institutes under the Agency for Science, Technology and Research (A\*STAR), which aims to foster world-class scientific research and talent for a vibrant and knowledge-based Singapore.

### Abbott

Abbott, the global healthcare company, has its regional headquarters in Singapore for many of its core businesses, including nutrition, pharmaceuticals, vision care, diagnostics and diabetes care. To maximise the advantage of such a strategic regional base, Abbott opened its first pharmaceutical research and development site in Southeast Asia in January 2009 at the Biopolis, where the company conducts stability studies, including studies on active pharmaceutical ingredients and novel formulations, to support global regulatory requirements for new pharmaceutical products. The work done at the laboratory enables Abbott to accelerate the development of innovative investigational medicines and potentially deliver new treatments to patients faster, in areas such as neuroscience and cancer.

More recently, Abbott has announced its decision to open the company's Asia-Pacific R&D centre for Nutrition Science, also at the Biopolis. The R&D

centre at the Biopolis will allow Abbott to tailor new ingredients, products, flavours and packages to address the region's nutritional needs and preferences. The scientists at the R&D centre will lead research and clinical trials in areas such as food and sensory science, clinical nutrition science and novel ingredient evaluation. In addition, Abbott has also opened its largest nutrition product manufacturing facility in the city-state, which will meet the increasing demand for pediatric nutrition products in Asia.

*"For more than 80 years, Abbott has been a pioneer in nutrition science, bringing the most advanced products to generations of families and children. These new facilities in Singapore will allow us to get even closer to our customers in both proximity and in understanding the unique dietary needs and preferences of Asian consumers."* - Miles D. White, Chairman and CEO, Abbott

### Johnson & Johnson

Johnson & Johnson (J&J), which has significant operations in consumer healthcare, has a Singapore research centre that focuses on innovation and research for its beauty care business. The research activities span across upstream studies into biology, to platform technologies that have a global and regional application, as well as downstream product development and formulation. By combining this comprehensive chain of research activities with the sizable consumer headquarters in Singapore, J&J has been able to successfully innovate and develop skin care products for the beauty needs of Asian and global consumers.



## High Value-Added Manufacturing

Singapore is a reliable manufacturing site where companies can effectively transfer technology, efficiently scale-up manufacturing and ensure quality control of their products.

Today, leading companies spanning across the food, specialty ingredients and consumer care sectors have invested extensively in commercial-scale manufacturing facilities in Singapore. To meet quality demands, existing plants continuously advance their operations, in order to maintain the highest level of sophistication, automation and relevance in the region.

### Plug and play set-up

Singapore offers companies a fast and smooth process when establishing their manufacturing facilities. Government approvals are transparent and efficient, given the city-state's world-class infrastructure and reliable supporting services.

### Quality manpower capabilities

Singapore offers a strong pool of skilled local talent who are well-trained to plug into the consumer products, specialty ingredients, lifestyle and hospitality sectors. The government conscientiously brings together employers and schools, drawing up relevant manpower programmes and initiatives. Singapore is also ranked first<sup>1</sup> in terms of manpower relative productivity and our English-language skills make communication a breeze.

<sup>1</sup>Business Environment Risk Intelligence (BERI); 2007

### Tate and Lyle

Tate & Lyle is a world-leading manufacturer of renewable food and industrial ingredients. It produces all its global supply of sucralose for Splenda®, a no-calorie, high-intensity sweetener, at its Singapore plant on Jurong Island. The key reasons the company chose Singapore were the availability of talent but more importantly, strong intellectual property protection, necessary for its proprietary ingredient, Splenda®.

*"Tate & Lyle chose Singapore as the location for its SPLENDA® Sucralose facility due to the availability of a skilled workforce, good intellectual property rights and proximity to Tate & Lyle's global markets."*

- Karl Kramer, CEO, Tate & Lyle



## Headquarters

Singapore, with its pro-business environment that offers Asia's complexities and diversities in a central location, provides companies a prime location to strategise and capitalise on the region's opportunities.

The network of support spans over a list of over 4,500 companies offering professional services that include audit, accounting, management consulting, market research, advertising, public relations, human capital and legal services.

Centralising functions like IT, finance and logistics also benefits business headquarters with better efficiency, lowers operating costs, maintains consistency and enhances productivity.

### Levi Strauss & Co.

Levi Strauss & Co. set up its Asia-Pacific headquarters in Singapore to manage and control the operations across the region and Southern Africa. Aside from undertaking regional HQ functions such as brand strategy, finance, marketing and administration, a Global Sourcing Organisation (GSO) was also established in 2005, which conducts sourcing for about 45 countries globally.

*"Singapore is Asia and so much more. With LS&Co.'s business in Asia-Pacific continuing to grow strongly, and with the world's focus on Asia as the fastest growing sourcing region, Singapore is a strategic and pragmatic choice to base both our regional corporate head office and global sourcing operations."*

*"In Singapore, we are connected to our key markets around the world through excellent infrastructure and geography; we can run a cost-competitive business, and have access to a pool of skilled professional talent."* - Aaron Boey, President, Asia-Pacific Division, Levi Strauss & Co.

### Unilever

Unilever, one of the world's leading consumer care companies, with strong local roots in more than 100 countries, has located its Asia, Africa, Central and the Eastern European (AACE) headquarters in Singapore. This is Unilever's largest headquarters outside London and the geographical coverage generates more than one-third of Unilever's global revenues. Singapore is a critical hub where Unilever makes strategic decisions across a variety of functions ranging from marketing, supply chain, finance, customer development and talent management. The regional brand development team also operates out of Singapore to develop and customise its brand portfolio for the AACE markets.

*"Singapore's superb business infrastructure, excellent human capital, connectivity and strong base of supporting industries, combined with the support provided by the Singapore government make it an ideal place for a regional business hub."*

- Paul Polman, CEO, Unilever

# Supply Chain Management

Singapore has built on its advantageous geographical location to become one of the world's top logistics hubs for sea and air cargo. Currently the world's largest container transshipment hub, Singapore handles about one-fifth of the world's largest container transshipment.

Changi Airport handles 4,000 weekly flights, providing convenience and effective connectivity for passengers and cargo all year round. In addition, 21 of the world's top third-party logistics service providers (3PLs) have also set up significant operations in Singapore, offering value integrated supply chain services.

Singapore offers world-class infrastructure, excellent global connectivity and thought leadership in logistics and supply chain management. The World Bank has rated Singapore as the top logistics hub<sup>2</sup> in the world. This has attracted many consumer companies to use Singapore as the regional and even global supply chain management centre.

## Diageo

Diageo is the world's largest premium alcoholic beverage company. The company, together with IDS Group, a leading 3PL, operates one of Asia's largest and most technologically advanced distribution facilities. Singapore was chosen to site this strategic partnership, the first of its kind for the alcohol beverage industry in Asia. More significantly, average

product lead-times from production through to point-of-sale have been cut down from eight to ten weeks, to a mere one to three weeks.

*"Singapore's many strengths - its infrastructure, skilled workforce and geographical location, made it the country of choice over its many competitors for managing the logistics side of our business in Asia."*  
- John Pollaers, Managing Director, Diageo Asia

## LVMH Fragrances & Cosmetics

LVMH Fragrances & Cosmetics (LVMH) decided on Singapore as its second regional logistics hub when it collaborated with SDV Logistics Asia-Pacific in 2004. One of the world's largest luxury goods firms, LVMH viewed the warehouse as a key element to support the development of the brand in Asia. With the aim of customising its product range to suit the needs of the growing Asian clientele, the warehouse offers a range of value-add services, from labeling to repacking or kitting for promotional operations, apart from its distribution function.

*"Singapore has a strategic central location in Asia and it has the capacity to provide 24-hour transportation. Furthermore, the benefits of simple administrative customs clearance procedures here allow us to aggressively cut the time required to ship our products."* - Jean-Dominique Bosq, Operations Director, Christian Dior Parfums

# Brand Building and IP Management

The best idea in the world means little if it is lost. Today, Singapore is the best place in Asia and second in the world for IP rights protection (IMD World Competitiveness Report 2008), and is also a signatory to major Intellectual Property Rights (IPR) conventions and treaties.

With a rich R&D ecosystem and robust IP regime, Singapore continues to display strong commitment towards the enforcement and protection of proprietary knowledge and innovation.

Recognising this favourable environment, Global Brands, the leading product licensing, brand management and retail development partner for sports, entertainment and lifestyle brands worldwide, has relocated its global headquarters to Singapore. The company manages the global rights of brands such as Disney and Warner Brothers from Singapore.

## Fonterra

Fonterra is a New Zealand based dairy co-operative which ranks as one of the top six dairy companies in the world by turnover. Some of Fonterra's well-known brands include Anchor, Anlene and Annum. Fonterra Singapore is the regional headquarters for Fonterra in Asia and the Middle East region. Its key function is to maintain overall responsibility for the Anlene and Annum brands, including designing and driving brand development and marketing strategy. Fonterra's Singapore presence allows the company to be in close proximity to leading markets, which allows Fonterra to respond quickly to local needs and market conditions. Such swift response will help to enhance the brand value of Fonterra's products.

<sup>2</sup>2007





Make Singapore your second home - manage, develop and launch your business for the burgeoning market in Asia. Get ahead of the game in this international arena that prepares you for Asia and beyond.