



ASIA PACIFIC
FOUNDATION
OF CANADA

FONDATION
ASIE PACIFIQUE
DU CANADA



THE ASIA FACTOR
LE FACTEUR ASIE

SUCCESS STORIES

IN ATLANTIC CANADA

ATLANTIC CANADA-ASIA SUCCESS STORY: ISLAND ABBEY FOODS

When John Rowe founded Island Abbey Foods on Prince Edward Island and began developing the technology to dehydrate honey in the early 2000s, he knew his products would not only make a splash in Canada and the United States, but would also succeed in markets further afield. An entrepreneur at heart, Rowe began thinking about exporting right from the start. After studying markets and honey consumption around the world, he discovered that consumption of honey per capita was higher in Europe than in North America, and even higher in Asia. "Asia was on our radar, right from the get-go," he says.



Rowe, Island Abbey Foods' CEO, was convinced there were golden opportunities beyond his own backyard on PEI. But what he could not predict at the time was just how successful and popular his honey products would become in just a few years, more than 10,000 kilometres away in the Asia-Pacific region.

Shortly after market testing its first product locally, the "honibe honey drop," Island Abbey Foods began marketing its products outside Canada. Part of the company's international strategy consisted of targeting journalists and people around the world who wrote about honey in newspapers and specialized media. The strategy worked, and quickly snowballed—Rowe explains that within weeks Island Abbey Foods had global media coverage and was receiving orders on its website from various parts of the world. But what really made a difference in Asia, and in Japan in particular, was an interview request Rowe received from a Tokyo-based journalist.

GROWING IN JAPAN

The relationship between PEI and Japan is strong, dating back several decades, in large part due to a Canadian book published in 1908, *Anne of Green Gables*. Just before the Second World War, a Canadian missionary in Japan gave her friend, Hanako Muraoka, a copy of Lucy Maud Montgomery's book. Muraoka translated the book into Japanese; it was then published in Japan and has been included in the national school curriculum since 1952. Anne became an obsession in Japan, where an affinity grew for PEI and "Anne's Land." Each year, Japanese tourists travel halfway around the world to make their pilgrimage to PEI.

It didn't take long before Japanese tourists began taking home Island Abbey Foods' honey drops. The Japanese journalist who contacted Rowe in 2009 for an interview had received a honey drop from a friend who had visited PEI a few weeks before. Fascinated by the dehydrated honey lozenge and wanting to know more about the product, the journalist interviewed Rowe through a translator and wrote an article about the PEI-based honey company. The article spread the word across Japan, driving a significant increase in Island Abbey Foods' sales in the island nation home to 127 million people.

CO-BRANDING STRATEGY

Selling products on a global scale can be challenging, especially for a startup company. In order to facilitate its expansion, Island Abbey Foods began pursuing partnerships with companies interested in developing new products. In Japan, Island Abbey Foods worked with one of the world's largest pharmaceutical companies, Sato Pharmaceutical. They combined forces to develop and co-brand honey lozenges that are now highly successful in Japan.

Securing the partnership with Sato took many years. The process was facilitated by Rowe's brother, Jeffrey, who happened to have spent 10 years in Japan, speaks Japanese, and understands the business culture. Among the biggest challenges Island Abbey Foods faced in Asia were cultural differences



and languages barriers, but having a family member with Asia competencies and skills really helped Island Abbey Foods to grow in the Japanese market.

Co-branding has been a major part of Island Abbey Foods' strategy to proliferate around the world and according to Rowe, collaborating with partners using a co-branding strategy can significantly accelerate the marketing and distribution processes, mitigates risks and lowers the cost of entering a new market.

The company has developed a similar partnership with Comvita, a New Zealand-based natural health company. Today, Island Abbey Foods works collaboratively with other companies and sells in 25 countries around the world. Rowe hoped to launch new products in China and South Korea in 2015. "Co-branding efforts help accelerate the export process and lower the risks and costs of entering a new market," says Rowe. It also makes it easier for the company to be successful in foreign markets like Asia.



DOING BUSINESS IN ASIA

The partnership with Sato Pharmaceutical took just over four years to develop, after the two companies initially met at a conference. Rowe believes it could have been somewhat faster if the companies could have spent more time together, with more face-to-face meetings. "It really helps to get in front of them in person and that has been a great lesson we've learned," he explains. "And it is not just in Japan, it's the same all across Asia." Rowe adds: "Relationships are always important everywhere, but they seem to be even more important in Asian cultures."

In terms of the challenges of doing business in Asia, Rowe thinks that the obstacles his company faces in Asia are similar to the ones it is confronted with in other parts of the world. For Island Abbey Foods, which sells high-end products, it is getting picked up off the shelf that represents the most challenging aspect of the business. "It is hard to get attention on retail shelves—not only in Asia, but everywhere," says Rowe. So his company has always been attentive to feedback it gets from various markets, and consistently adapts its strategy, approach, packaging and marketing efforts.

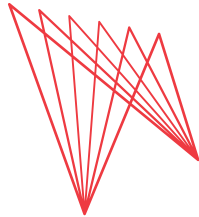
For example, Island Abbey Foods had to significantly adapt its packaging in Japan, so it created a specific, smaller package for the Japanese market. This has been key to success in the Japanese market, and the company does this for most markets in which it is active.

PERSPECTIVES IN ASIA FOR THE FUTURE

Today, Island Abbey Foods' products can be found across Canada as well as in 25 countries around the world. The potential for natural health products globally and in Asia is enormous. The health and organic product market in Asia grew at an annual rate of more than 13 per cent between 2009 and 2013, and it is expected to continue growing at a rate of eight per cent annually for the coming five years. Rowe sees incredible opportunities in the Asian region and is optimistic about the future of his company in those markets.

As for Island Abbey Foods, the Charlottetown-based company has won several awards, notably a Global SIAL d'Or award for one of the best new food products in the world. With flexible marketing strategies and an innovative product that corresponds to customers' tastes, Island Abbey Foods has a bright future in markets in Asia.





ASIA PACIFIC
FOUNDATION
OF CANADA

FONDATION
ASIE PACIFIQUE
DU CANADA

www.asiapacific.ca

The Asia Pacific Foundation of Canada (APF Canada) is a not-for-profit organization focused on Canada's relations with Asia. Our mission is to be Canada's catalyst for engagement with Asia and Asia's bridge to Canada.

A leader in research and analysis on Canada-Asia relations for over 30 years, APF Canada partners with government, business leaders, academics, and opinion makers in Canada and across the Asia Pacific region to offer clear, specific, and actionable policy advice.

Established by an Act of Parliament in 1984, APF Canada's thematic priorities include: promoting trade, investment, and innovation; mobilizing energy assets; building skills and competencies; and, understanding Asia now.

**Asia Pacific Foundation of Canada
Head Office**

900-675 West Hastings St.
Vancouver, BC
Canada V6B 1N2
Tel: 604-684-5986
Fax: 604-681-1370

**Asia Pacific Foundation of Canada
Toronto Office**

205-375 University Ave.
Toronto, ON
Canada M5G 2J5
Tel: 416-597-8040
Fax: 416-597-1162