

F&N ready for China milk launch amid pitch

By Arun Sudhaman

BEIJING Fraser & Neave (F&N) has shortlisted two agencies as it gears up for its first mainland food brand launch — a new powdered milk brand that targets a premium demographic on the mainland.

The pitch, managed by R3, saw credentials from four shops — Guangtang, Dentsu, Publicis and Euro RSCG, with the latter duo being selected to take part in a round of workshops, before final presentations.

According to R3 principal Goh Shu Fen, the F&N infant brand will compete against brands from the likes of Abbot, Mead Johnson and



China...infant formula growth

Danone.

Significantly, F&N has decided to begin the rollout of the brand in a tier-two city — Xian. “The potential for growth in those markets is

higher,” noted Goh. “It’s a real test of multinationals understanding insights beyond the tier-one cities.”

According to the Hong Kong Trade Development Council, the market penetration rate for foreign-branded milk powders is as high as 62 per cent in Beijing, Shanghai and Guangzhou — which would help explain why F&N is targeting the next tier of cities.

Goh also pointed out that TV would likely form a key component of the eventual communications campaign. “In the FMCG category, F&N will have to come in with stature,” she said.

Foreign investment into

China’s growing dairy sector is expected to favour higher value-added products such as infant formula milk powder, thanks to the narrowing of the price gap between imported milk powder and domestic raw milk.

Over the past five years, Euromonitor estimates that China’s overall milk market has grown by 188 per cent.

The country has the lowest per capita consumption of milk in the world — at an estimated two litres per annum.

At present, Daisy is Fraser & Neave Foods’ key milk powder brand, although it remains unclear whether it is this brand launching in China, or a new range.

