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CSSF Activity Report for Ichido Bakery Promotion

Report Categories:

CSSF Activity Report

Approved By:

Tyler Babcock

Prepared By:

Susan Zhang

Report Highlights:

An "American Seasons" Bakery Promotion was jointly organized by the Agricultural Trade Office (ATO) Shanghai, USDA Cooperators, and the Ichi Bakery Store (i.e., Ichido's) on August 18, 2016. The sales of the new products with American ingredients during this promotion amounted to USD \$206,722, a growth of 24% compared with the same period in 2015. The promotion lasted for one month. Nine USDA Cooperators participated in the promotion. More than ten media and social media representatives reported on the event. The professional chef team of Ichi Bakery developed forty-five new recipes using U.S. baking ingredients. Thirty stores of Ichi Bakery participated in this promotion. High quality tree nuts, dried fruits, dairy products and wheat flours from the U.S. were applied widely in these new products.

Activity Name: ATO Shanghai Bakery Promotion “American Seasons” in collaboration with Ichi Bakery
Beginning/Ending Date: August 18 – September 18, 2016
City/Province/Country: Shanghai, China

1. Objectives

- Brand enhancement
 - ✓ Raise awareness and enhance positive reputation of the high quality U.S. ingredients and products among bakery professionals in eastern China.
 - ✓ Promote the consumption of American-style baked goods in the eastern China region.
- Development of distribution channels
 - ✓ Bring U.S. bakery ingredients suppliers into direct contact with end users.
- Promote sales
 - ✓ Expand market share for U.S. ingredients relative to other imported and domestic products.

2. Products proposed to participate in the activity

- Dairy products – milk, cheese, butter, cream, and whey protein
- Tree nuts – almonds, walnuts, pecans, hazelnuts, pistachios
- Fresh & dried fruits – dried prunes, cranberries, raisins, blueberries and products
- Flours - wheat flours, pea flours, soy proteins, lentil and pea proteins
- Other bakery ingredients – chocolate powders, flavors, frozen dough

3. Expected results for FY 2016

- 1) Develop a minimum of 40 new recipes for bakery products using U.S. ingredients.
- 2) Achieve at least 40 percent year-on-year growth in purchase of U.S. ingredients in the selected chain bakery during the promotion.
- 3) Arrange for advertorials and reports to be published by local media to increase awareness of U.S. food culture by local consumers.

4. Partners of the activities

Ichi Bakery

Ichi Bakery (i.e., Ichido) was founded in 1999 and specializes in manufacturing desserts, cakes, and bakery products. Ichido also brews coffee and provides other beverages. Ichido has over 80 stores, and 1,200 employees in China. Ichido has adhering to a strategy focused on quality and innovation. With years of hard work, the brand “Ichido” has become very popular among Chinese



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consumers pursuing quality bakery products in the eastern China region. Headquartered in Shanghai, Ichi Bakery has expanded its outlets to Nanjing, Suzhou, Wuxi, Hangzhou, Xi'an (west China), Beijing (north China), and Tianjin (north China). Ichido has enjoyed steady growth of their independent stores, as well as growth in their stores build in cooperation with department stores and subway stations.

USDA Cooperators

Nine cooperators participated in the promotion with sponsored funding and ingredients.

- American Pistachios Growers
- California Prune Board
- California Raisin Administration Commission
- California Walnut Commission
- U.S. Cranberry Marketing Committee
- U.S. Dairy Export Council
- U.S. Highbush Blueberry Council
- U.S. Pecan Growers Council
- U.S. Wheat Associates

5. Summary of the Event

ATO Shanghai organized the bakery ingredients promotion in collaboration with USDA cooperators and Ichido. ATO Shanghai worked with USDA cooperators, those of which represent products of common U.S. baking ingredients, to maximize opportunities for sale of their respective ingredient products among baking professionals in the eastern China market.

1) One-on-one meetings between importers/distributors and Ichido's purchasing team

On May 4, 2016, ATO Shanghai worked with the participating cooperators to set up meetings between ten U.S. ingredients importers/distributors and the purchasing team of Ichido. Products including dried cranberries, cream cheese, almond, pecan, dried prunes, raisins, dried blueberries and chocolate powders were discussed at the meetings. The meetings were held in the conference room of ATO Shanghai. After the meetings, ATO Shanghai helped facilitate follow up between the distributors and Ichido.

2) Recipe development

ATO Shanghai worked on recipe development with the professional chef team of Ichido and the U.S. cooperators. The development team, with its many years' experience, was instrumental to this process because they offered insight on how to use the various kinds of bakery products. Many new recipes were constructed, including tiramisu parfait with prunes, American potato pastry, pecan macaroons, butter biscuits with cranberry, raisin Brioche, and much more. Altogether, 45 recipes were created, with each of the nine sponsoring cooperators have five recipes with their products as the main ingredients.

High quality tree nuts, dried fruits, dairy products and wheat flours from the U.S. were applied widely in these new recipes. The goal of the activity was to introduce the different ingredients that would be

marketable in the China market. The ingredients were used to make healthy bread and pastry desserts for the Chinese customers.

The Ichido chefs worked extensively on the development of the recipes for three months, and the products were repeatedly tested and adjusted several times before the final recipes were confirmed.

All recipes were used to create products that were displayed on the shelves of Ichi Bakery's stores. To stress this point, instead of the recipes simply being created for educational and experimental purposes, the recipes were used to create new products that were then offered to the Chinese consumer.

The recipes, including the detailed step-by-step guidance of how the products are to be made, were shared with the sponsoring cooperators. High-resolution photographs of the finished products were also shared. These recipes and photos can be/will be used in future events by ATO Shanghai and the participating U.S. cooperators.

3) Opening of the American Seasons Bakery Promotion

August 18, 2016 was the opening of the 2016 "American Seasons" Bakery Promotion. The event was jointly organized by ATO Shanghai and the renowned bakery brand Ichido. Representatives from the nine sponsoring cooperators, key distributors/suppliers of the ingredients, key account customers of Ichido, and media journalists participated in the opening.



At the opening ceremony, Ms. Valerie Brown, Director of ATO Shanghai said: "The United States is the world's leading

food manufacturer and exporter. We have rich and diversified agricultural products, and a very colorful food culture. We hope this event will help Chinese consumers better understand the healthy and high quality baking ingredients that are produced in the United States and the unique baking culture of the United States. We also hope the new products developed with American baking ingredients will provide Chinese consumers pursuing exquisite and healthy lifestyles with more baking options."

The owner of Ichido, Master Chef Cai, expressed his gratitude to the nine cooperators contributing to this promotion. He said, "We are honored to work with the Shanghai U.S. Agricultural Trade Office and

nine USDA cooperators on this promotion. We have had access to lots of top quality American baking ingredients thanks to their support. We hope we will further upgrade our product portfolio and help our customers enjoy better quality and healthier products. We also hope our cooperation will last till after the American Seasons so as to continue serve our customers with quality and healthy bakery products.”

"American Seasons" lasted for one month at Ichido’s thirty stores in eastern China. Each week the consumers were offered new baked products with U.S. ingredients at the Ichido stores. The promotion brought the Chinese consumers a new experience of the delicacy of American style bakery products with authentic American baking ingredients.

4) **Funding**

Each of the cooperators contributed USD \$2,000 for the promotion project. U.S. cooperators also contributed ingredients and souvenirs for the opening ceremony. U.S. Wheat Associates contributed another USD \$2,000 for the opening ceremony demonstration and tasting. In return their products are mandatory ingredients for the new recipe development and their logo and product introductions are featured in all the point-of-sale (POS) material (e.g. posters, pamphlets and press releases).

Cooperators		Contribution of Funding (USD)
1	American Pistachios Growers	2,000
2	California Prune Board	2,000
3	California Raisin Administration Commission	2,000
4	California Walnut Commission	2,000
5	U.S. Cranberry Marketing Committee	2,000
6	U.S. Dairy Export Council	2,000
7	U.S. Highbush Blueberry Council	2,000
8	U.S. Pecan Growers Council	2,000
9	U.S. Wheat Associates	4,000
	Total	20,000

5) **Results and Recommendations**

The promotion project was successful. The promotion further developed the distribution channels for U.S. ingredients exporters and helped to educate baking professionals in China on how to use U.S. ingredients. The promotion also enhanced the commercial viability of U.S. ingredient product lines and in consequence it will expand market share for U.S. ingredients in comparison with other imported and domestic products.

Ichido's sourcing of U.S. ingredients increased by 66.9% on a year-on-year basis as a result of the promotion. The sales of the new products with U.S. ingredients during the promotion amounted to USD \$206,722.9, a growth of 24% compared with the same period in 2015. Ichido forecasted the sales of products containing U.S. ingredients from October to December, 2016 would be approximately USD \$272,727.

U.S. Ingredients Purchased	Aug-Sept 2016 (USD)	Aug - Sept 2015 (USD)	Year-on-year Growth
Dairy Products	35,400.00	22,866.67	
Raisins	25,877.09	13,501.09	
Blueberry Products	1,883.18	-	
Prune Products	765.00	-	
Pistachios	666.52	-	
Cranberries	3,484.47	1,675.23	
Pecans	2,361.82	-	
Wheat Products	527.25	292.92	
Walnuts	107,541.00	68,607.00	
Total	178,506.33	106,942.91	66.90%

Information Source: Ichi Bakery's post promotion report (Exchange rate USD:RMB = 1:6.6)

The promotion activities also raised awareness and enhanced the positive reputation of U.S. ingredients and American-style baking products with consumers in eastern China. As a result of the ten media reports, social media and ATO/cooperators' wechat accounts, and the Weibo accounts, the promotion was well advertised. Most media journalists involved spoke highly of the event and expressed satisfaction with the products. According to the media clippings collected, all of the journalists that participated in the event published very positive reports.

	Media	Links to the reports
1	Douguo Cuisine	http://www.douguo.com/article/detail/3674
2	Yuku/Tudou Video	http://v.youku.com/v_show/id_XMTY5NjU1Njg1Ng%3D%3D.html

3	Lohas	http://sh.qq.com/a/20160822/024459.htm
4	Side Chef	http://mp.weixin.qq.com/s?__biz=MzI3MTM3OTA1Mg==&mid=2247483765&idx=1&sn=40f091bdda18d025d7d62c671f2a886f&scene=1&srcid=0901R8knJfEi1QUq2PW7EZzI#rd
5	Global Gourmet Magazine	To be collected
6	Tencent News	http://sh.qq.com/a/20160822/024459.htm
7	Wei Tou Tiao	http://www.wtoutiao.com/p/3b7DRgd.html
8	Global Produce Report	http://www.guojiguoshu.com/article/2513?qt-popular_content=1
9	Headline Today	http://www.toutiao.com/i6325277255840825858/
10	Iqiyi Channel	http://www.iqiyi.com/w_19rsweju39.html

Ichido printed 6,000 pamphlets that included information on each of the nine cooperators and ATO Shanghai, and information on the newly developed products. Circulations of the pamphlets at Ichi Bakery stores effectively helped raise awareness and enhance positive reputation of the high quality U.S. ingredients and products.

According to the sales figures for the individual products used in the promotion, the most used ingredients from the U.S. are raisins, walnuts, cranberries and whole wheat flours. Pecans, as a new baking ingredient, attracted a lot of attention from the Shanghai consumers. Randomly interviewed customers spoke highly of the products with the U.S. raisins, walnuts, pecans and cranberries.

Cooperation with the Ichido was beneficial for all sides. The senior executives from Ichido were very supportive, professional and eager to work with ATO Shanghai and the U.S. cooperators. Ichido has been approved to open more convenience bakery stores – “Ichi Go” in the subway stations of Shanghai so cooperation in the future is recommended as Ichido is expected to further grow its business in China.

In the upcoming fiscal year, ATO Shanghai is planning to continue to work with chain bakery stores such as Ichi Bakery on promotional activities. Similarly, ATO Shanghai will organize Road Shows in 2nd and 3rd tier cities in eastern China so as to educate the professional bakery and pastry chefs of the application of the U.S. baking ingredients. Competition for bakery professionals with U.S. ingredients is an efficient way to maximize our influence in the industry. Meanwhile, we are also planning to work with e-commerce bakery ingredients distributors to tap into the drastically growing market of home bakery.

Appendix I

List of Ichi Bakery Stores for American Seasons Bakery Promotion			
No.	City	Store Name	Address
1	Shanghai	Ichido Flagship Store at Xujiahui	No. 33 Caoxi North Road
2	Shanghai	Ichido Caobao Store	No. 36 Caobao Road
3	Shanghai	Ichido Tianyaoqiao Store	No. 323 Tianyaoqiao Road
4	Shanghai	Ichido Guilin Store	No. 501 Guilin Road
5	Shanghai	Ichido Dongjia Bailian Store	No. 2420, 1st Floor Bailian Mall
6	Shanghai	Ichido 96 Plaza Store	1st Floor, No. 796 Dongfang Road
7	Shanghai	Ichido Biyun Villa Store	No. 633 Biyun Road
8	Shanghai	Ichido Damuzhi Store	1st Floor, Building A, No. 199 Fangdian Road
9	Shanghai	Ichido Weifang Store	No. 72 Weifang West Road
10	Shanghai	Ichido Hongmei Store	No. 3329 Hongmei Road
11	Shanghai	Ichido Hongsong Store	No. 258 Hongsong Road
12	Shanghai	Ichido Qibao Store	Room 101, No. 32, Zone 3, Wanke City Garden
13	Shanghai	Ichido Longemont Store, Xinzhuang	No. 6088 Humin Road
14	Shanghai	Ichido Shuicheng Store, Gubei	No. 89 Shuncheng Nan Road
15	Shanghai	Ichido Jiubai Store	No. 36 Wanhangdu Road
16	Shanghai	Ichido Yueda 889 Store	No. 889 Wanhangdu Road
17	Shanghai	Ichido Babaixiu Store	No. 788 Changde Road
18	Shanghai	Ichido Huaihai Boutique Store	No. 843 Huaihai Zhong Road
19	Shanghai	Ichido People's Square Store	People's Square Exit 18
20	Shanghai	Ichido Great World Store	B1 Floor, Yalong International Plaza
21	Shanghai	Ichido Mingren Plaza Store	1st Floor Mingren Plaza, No. 300 Nanjing East Road
22	Shanghai	Ichido Hongqiao Store	No. 80 Xianxia Road
23	Shanghai	Ichido Longemont B Store, Zhongshan Park	B2 Floor, No. 1018 Changning Road

24	Shanghai	Ichido Longemont A Store, Zhongshan Park	2nd Floor, No. 1018 Changning Road
25	Shanghai	Ichido Xijiao Bailian Store	Room 1203, No. 88 Xianxia Xi Road
26	Shanghai	Ichido Zhongtan Store	No. 81 Zhongtan Road
27	Shanghai	Ichido Jinyi Plaza Store	1st Floor, No. 4467 Shangnan Road
28	Shanghai	Ichido Anting Store	No. 128 1st Floor, No. 5598 Caoan Road
29	Shanghai	Ichido Tianzifang Store	No. 246 Taikang Road
30	Shanghai	Ichido Caisepan Ruby Store	No. 480 Hongbaoshi Road