

Singapore: A Wealth of Opportunity

JENNIE SMITH

In 1819, Sir Thomas Stamford Raffles claimed Singapore for the British, and the island soon became a busy port on the strategic trade routes between China and India. Today, after more than five decades of freedom from colonial rule, the Republic of Singapore is still booming. Its cultural adaptability, trade-friendly policies and geographical location make it an attractive climate for businesses of all sizes and sorts. That means good news for the promotional products industry here.

East Meets West

Influenced by both Chinese and British cultures, Singaporeans blend East and West beautifully, and move comfortably in either world. Frankie Chia, president of the Gifts Association Singapore, explains it like this: “The Westerners are very contractual in their dealings. With the Chinese, relationships are what matter.” Distributors in the promotional products industry, or the gift market, as it’s called here, are adept in both styles of negotiation. They are as comfortable in the posh offices of a buyer’s multinational corporation in the Singapore financial district as they are in the factories of their suppliers in China, where 90% of their product is made.

The free-trade policy in Singapore makes importing and exporting from almost anywhere a smooth process for everyone involved. A World Bank report named Singapore the world’s easiest place to do business; the U.S. was third. Although direct importing from China can be a bureaucratic nightmare for some countries in Asia-Pacific, it’s routine for Singapore. Distributors from Australia, Indonesia or Malaysia, for instance, can source indirectly from China via Singapore and save themselves a lot of red tape.

Singapore is a top location for global enterprises

that want to establish Asian headquarters, including Philips, Merck, UPS and Sony. Many of these organizations use Singapore distributors to set up and manage regional redemption centers. Distributors assist regional headquarters’ marketing managers in selecting which products to offer where, and then help to build and maintain Web sites, source and warehouse the goods, and fill orders from district offices throughout Asia-Pacific.

Sourcing in China

There’s no official tracking of the revenues of the gift market, although conservative estimates put it at around \$1 billion Singapore dollars (SGD), approximately \$700 million U.S., for the advertising specialties segment. As mentioned earlier, 90% of all product is made in China. Distributors have personal relationships with their Chinese manufacturers and visit the factories on a regular basis to clarify standards and set expectations.

Large orders will be completed in China and ready for the customer upon arrival at port. Smaller quantities will be finished here in Singapore, where silk-screening, stamping and embroidery may be a bit more expensive, but the work can be completed quickly and with a high degree of quality. Maria Wong, general manager of Jon-Marie Marketing, said this kind of arrangement is what made it possible for her to say “no problem” when a customer needed a thousand T-shirts – with logos – delivered in less than 72 hours.

But this type of service isn’t limited to local suppliers. Ann Teo, executive director of C.D. Com Asia, tells a similar story with a Chinese supplier of woven jacquard ties. The typical minimum for this supplier was 300 pieces with a turnaround time of 35-60 days;



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CULTURAL EXCHANGE

Ann was able to get 200 pieces produced and delivered in just seven days, thanks to the strength of the working relationship. She said China is getting some bad press right now about product quality, but that part of the solution lies in those doing the ordering being more involved in the process by setting expectations about what materials to use and what's required in the finished product.

Distributors as Partners

Major markets in Singapore are banks, IT, pharmaceuticals and food and beverage. Alcohol is relatively expensive here because of the extra taxes imposed on it, so companies rely heavily on advertising to get customers to dig deep to purchase in quantity. Especially popular in this market are serial promotions. The gifts are attached to the product at point-of-sale and are linked to a story that's developed over time, with the gift changing as appropriate.

Conservative estimates put sales in the Singapore advertising specialties industry at \$700 million U.S.

Pharmaceutical companies, prohibited by law from advertising, rely on the gifts industry to facilitate their relationships with medical professionals. The requests from this market can be quite interesting, as when the maker of a product for erectile dysfunction disorder turned to local distributors to help them solve a sensitive problem. They wanted something they could give to doctors to be used with male patients to aid in diagnosis – something that would require a minimum of verbal explanation from the patient, but still provide the doctor with enough information to prescribe appropriate treatment.

Tredan Connections won the deal with their design of fruits and vegetables made from the material used in stress balls, each piece calibrated to various densities from peeled banana to cucumber. The four pieces were arranged in a display with a rack added to hold brochures, and, upon delivery, met with approval in doctors' offices around the island. Chia Eng Kiat, managing director of Tredan, sees these types of projects as opportunities for distributors to partner with marketing managers, and adapt and design products to meet unique market demands.

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Tredan Connections, a marketing company in Singapore, won the account to design an erectile dysfunction promotional display on behalf of a large pharmaceutical company that manufactured the E.D. drug.

IMAGE COURTESY OF TREDAN CONNECTIONS

The Singapore Government is also an important customer in the promotional products industry. Every August, a celebration is held throughout the island, with 250,000 lucky people invited to the stadium for a Singapore National Day gala replete with speeches, musical performances, fireworks—and, most importantly, highly coveted gift bags. The government uses an e-portal to secure bids for the bags and their contents, items such as flags, flashlights, noisemakers, tattoos and caps, usually five to 10 items per bag. The budget for the event each year is in excess of \$15 million SGD (about \$10.4 million U.S.).

Public schools also get involved in National Day, using funds allocated by the government to purchase various items, such as tattoos and flags, for the students. The schools also have an ongoing Entrepreneur Program that helps students learn marketing skills by running small gift shops on-site at their local schools. They turn to distributors to supply the products, a mix of decorated and logo-free items such as pencils, water bottles, caps and jackets.

Savvy Customers

Textiles, especially inexpensive T-shirts used for one-day events, are extremely

popular items, along with golf shirts and jackets. Writing instruments, both low-cost items used for mass marketing and higher-priced premium gift pens, are also perennial bestsellers. Clocks of all kinds are not in vogue, as they are associated with death in Chinese culture. Day planners and calendars have dropped off dramatically as technologically-sophisticated Singaporeans turn to electronic devices to organize their lives.

Singapore is an affluent nation, and people here are savvy customers. They expect nice gifts, demand quality and refuse to be walking billboards. Subtle is better. Buyers look to distributors to help them source products made with the highest quality materials at the best prices to exploit the gap between cost and perceived value. As Chia says, it's all about the perceived value.

Collaborating for Success

The Gifts Association Singapore, founded in 1997, is a close-knit group that works in harmony, including sharing information on their inventories to avoid duplicate stocks in their precious warehouse spaces. Membership has three major benefits, the first being access to the association's Web site that lists all of the products and directs potential buyers to the appropriate distributors in each category. Second is *The Gifts Buyer's Guide*, their 200-plus page, multi-colored catalog that's published and distributed throughout Singapore each year.

Third is their annual Gifts and Stationery Show held each August at Suntec Convention Center, co-organized with the Singapore Booksellers and Stationers Association, the Marketing Institute of Singapore (MIS) and TTG Asia. Currently attracting a crowd of around 5,000 people to browse 200 booths of innovative products, the Gifts Association hopes to grow both numbers in the future, partly by incorporating more lifestyle products, such

as toys and kitchenware, into the mix.

The seminars offered by the MIS are an important part of the show. According to Lim Mei Mei, director of executive development, distributors and buyers are eager to learn. She says that as product engineering evolves from features-based to consumer-centric, marketers are seeking first to understand the lifestyles of their customers, and then engineering and marketing products that are consistent with that lifestyle. Lim sees an important role for distributors in this new marketplace as they work to change the perception of promotional products, away from being a premium, and into an opportunity to translate the brand's personality to the consumer as part of an integrated marketing plan drawing on a variety of media.

A Bright Future

Chia and the executive board of the Gifts Association meet on a regular basis to strategize about how their organization can create value for its members in a highly competitive, rapidly growing economy. Their biggest competition is from importers who deal strictly on price, with no other services provided, what Chia terms "commodity-brokers." Through their alliance with MIS, the Gifts Association seeks to inform and educate buyers about the advantages of partnering with their promotional products distributors to select and position products that will integrate brand personality, create perceived value and generate excitement for customers.

Strategic location. Attractive trade policies. Highly educated work force. Diversified economic base. Business-friendly government. It's no surprise that Mercer Human Resource Consulting ranked Singapore the number one place to live, work and play in Asia. That's the kind of news that is received with a smile by Chia and friends at the Gifts Association. To learn more about the Gifts Association Singapore, check out www.giftsassociation.org.sg or contact Frankie Chia at celcem@celcem.com.sg.  