



PRODUCT

profile

Donald Tan, Business Development Manager of Tarran Ventures: "A Tootsie Roll to meet every budget."

Bite-sized Tootsie Rolls were introduced to the United States market by an Austrian immigrant over 100 years ago – since when the chocolate chewy candy rolls have become an American icon as familiar as chewing gum or corn flakes. An astonishing 50 million Tootsie Rolls, made of sugar, milk, corn syrup and cocoa, are produced at Tootsie Roll Industries' Chicago plant every day. But the company is still having trouble keeping up with the amazing demand in new Asian markets where the candy has recently been relaunched – particularly in the Philippines.

Tootsie Rolls across Asia

Filipinos gobbled up the entire stock of one million Tootsie Roll pieces within two weeks of last April's launch, with the result that distributor Zuellig Inchcape had to order over 10 million pieces more.

Donald Tan, Business Development Manager of Tarran Ventures, the Singapore-based company appointed in 1995 to handle Tootsie Roll Industries' sales and marketing in Asia, believes the success of the candy in the Philippines is due to the country's strong American heritage.

"Tootsie Rolls create a sense of nostalgia for those who grew up on the candy, and they can now share their revived passion with their children," says Tan.

Particularly popular in the Philippines are Midgees – mini-Tootsie Rolls which are less expensive than the real thing.

"For people who cannot afford the

Tootsie Roll, which is retailed at 5 pesos per piece, we have the Midgees at one peso," says Tan.

Distribution one of the keys

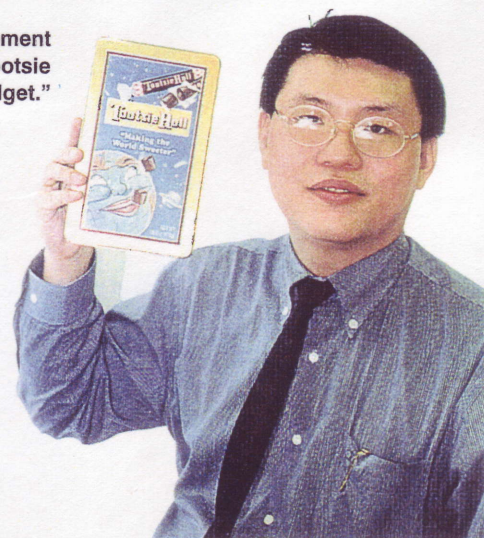
If Midgees are the ideal products for developing markets, Tootsie Roll also offers a range of other products in the Philippines, South Korea, China and Hong Kong. Among these is Tootsie Roll Pops, the world's best-selling lollipop, a unique combination of hard candy outside and soft Tootsie Roll candy inside which is made from 100 per cent natural ingredients and comes in five flavours – lemon, grape, orange, cherry

and chocolate.

Another product on offer is Charms Sour Balls – an assortment of hard candies presented in a tin.

Tan says his company is very choosy about selecting the distributor it works with in each Asian country, having developed a regional strategy that has emerged from a review of distribution, product packaging, product formulation and merchandising.

He says those chosen to handle Tootsie Roll must have an established distribution network, or be structured in such a way that they can reach 80 per cent of the market, and they must be financially sound. "We also look at the number of warehouses they have, how they distribute the products, time of clearance from the port to the warehouse, and how long they take to deliver to the outlets," says Tan.



Packaging to suit every market

While Tootsie Roll Industries and Tarran Ventures has made every effort to absorb cost increases due to Asia's tumbling currencies, Tan admits that prices have crept up, leading to a slight slowdown in sales around the region.

The company has also postponed launching into Indonesia for the time being.

But Tan has no doubt that sales will pick up again as the Asian economies recover, one of the beauties of Tootsie Roll being that its products can be packaged in any number of different ways to suit any market, be it sophisticated or developing. For example, Tootsie Rolls normally come in a six-piece pack, but can be sold singly at a significantly lower price.

Meanwhile, Tootsie Roll Industries in Chicago, which is still run by husband and wife team Melvin and Ellen Gordon, is keeping faith with the Asian market as it goes through difficult times.

"We just have to have a little faith that the markets start to recover," says Tan. "The moment they do, we will be ready to continue our roll out."