

Catchcry from an exhibition: Viva Espana

Written by Community Manager

Friday, 27 February 2015 00:00 - Last Updated Sunday, 01 March 2015 16:44



Onahira Rivas Dioses, targeting and marketing director of Hit Baby1. The brand displays baby shoes at the Shanghai expo. Photos by Yao Jing / China Daily

Looking for opportunities far away from the economic malaise, Spanish companies eye China

As some of the exhibitors at a trade fair in Shanghai disembarked at the city's Pudong Airport recently, they may well have been hoping that the pain in Spain would stay mainly on the plane.

As the chilly winds of the eurozone debt crisis continue to blow across the Iberian Peninsula, China is being seen as a haven for many companies, among them Spanish firms that make and sell children's, baby's and maternity goods.

Arriving in Shanghai two days before the three-day Children-Baby-Maternity Industry Expo that opened on July 18, Raul Guillem, export area manager for the Spanish company Miniland Group, said the economic ructions had hit the company in its domestic market.

"But our products are sold in 50 countries today compared with 10 countries five years ago, (and) our turnover doubled to \$20 million (16 million euros) last year compared with five years ago."

In addition to being well-known in Europe, the company, which celebrates its 50th birthday this year, is growing in the United States, Guillem said. At the expo, the company wanted to grab the opportunity to link up with distributors to develop the brand in China, he said.

Vincente Albuixech, commercial director of Elisa Menuts, slightly longer in the tooth than its compatriot Miniland - it celebrated its 50th birthday last year - said he hoped the Chinese

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market could help offset the company's present performance in Europe, which accounts for 90 per cent of its sales.

"Three years ago we had growth of 10 to 20 percent every year. But the increase stopped in 2008 because of the financial crisis," Albuixech said.

While Elisa Menuts and Miniland may be looking for solace in China, that does not mean they will be happy to accept crumbs off the table, and both have their aims set high with their target markets.

The Miniland Group's best-selling product, Vedio, a video system that can be used to provide closed-circuit monitoring of children and to display pictures, and which took center stage at the Shanghai expo, can cost as much as 2,500 yuan (\$390, 315 euros) in China.

"The price of our products can be even double that of local ones," Guillem said. But the company is willing to confront difficulties as it enters the Chinese market, he said.

"We will invest time and money here, and I believe the quality of our products will be appreciated by those looking for European-style goods."

Albuixech of Elisa Menuts said the company, which used the expo to introduce its trademark white and sky-blue baby clothes to China, is going after high-end consumers who appreciate genuine European products.

"The retail price is \$75 or \$80 on average for each piece of our clothes from newborn to 8-year-old sizes," he said, which makes the clothes much more expensive than those produced by Chinese manufacturers.

As Elisa Menuts begins its campaign to entice China's high-income earners, it will introduce its products into department stores in big cities such as Beijing and Shanghai. The company has

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also found a Spanish partner who has been living in Ningbo, Zhejiang province, for six years.

"He will follow up our business and our cooperation with distributors in China as he is more familiar with the local situation," Albuixech said.

With this strategy, Elisa Menuts will be looking to invigorate sales figures that have been anemic of late. Its turnover was 1.5 million euros last year, on a par with 2010, Albuixech said. Similarly, there was no movement in turnover in July compared with the corresponding period last year.

Accompanying Miniland, Elisa Menuts and four other Spanish companies to the Shanghai exhibition was Eva Segura, export manager with the Spanish National Association of Children's Products, which has 180 members covering 350 brands.

While Spanish children's, baby's and maternity goods carrying the distinctive Espana logo are highly regarded and successful in Europe, they are barely known in China, Segura said. This became clear to her last year when she visited the country and was struck by the lack of European products on the market. She decided to try to right that by having Spanish companies take part in the Shanghai exhibition, a decision that seemed to be vindicated, if the interest shown in the Espana pavilion is any guide.

As visitors streamed in and out of the six booths at the Shanghai New International Expo Centre, contact details were eagerly swapped and product brochures were snapped up.

"We are busy having meetings with potential distributors and talking with buyers on booths," Segura said.

The Spanish industry's biggest markets are Italy, France, Mexico and Russia, she said, but "right now it is the moment to enter into China, where the number of newborn babies is huge and people are getting rich".

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The value of children's, baby's and maternity products in Spain was 1.08 billion euros last year, the association said, exports accounting for 38 percent of that, compared with 31 percent in 2010.

However, the value of exports to China was just 1 million euros last year, a marginal increase on the previous year, Segura said.

"I think China is a good opportunity for us. There are not many European companies in the market, and we have unique products in some categories."

Another Spanish exhibitor in Shanghai was Hit Baby1, which makes shoes for babies.

"It's our first time as an exhibitor in China," said Onahira Rivas Dioses, the company's targeting and marketing director. "We want to find a partner here."

The company has already dipped its toes into the waters of the Chinese market, having bought 20 containers of products from China since 2009, and Dioses has been to the country four times before.

"Our production in Spain cannot meet the need of our big market in Columbia and Venezuela," Dioses said. "It is much cheaper to have OEM orders with Chinese factories."

While the company has watched its growth at home stall in recent years, the growth of sales in South America has kept it buoyant, and last year, it said, it had turnover of 400,000 euros, 60 percent up on the previous year.

Looking to expand, and with some knowledge of the Chinese market, the company decided to chance its arm in China, where it feels there is an appreciation for European quality and logos.

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Last year the company set up an office in Hong Kong that is yet to begin selling. As the Chinese mainland market is deemed to be different to the Hong Kong one, the company will cooperate with distributors there.

"Even if we capture a small part of the market, that will be enough for us," Dioses said.

Hit Baby1 is also active in the medical, pharmaceutical and chemical industries, but in China it has opted to concentrate for now on selling shoes rather than other baby care products, including protective kneepads for crawling, a baby heart rate monitor and a crying baby analyzer.

"We are testing the market with the most popular and acceptable category first," Dioses said.

"Other products will follow after we know more about local consumers."

With one appearance at the fair, Segura indicated that the trip had been well worth it, and gave the expo a big tick by saying the Spaniards would be back for more.

"We will bring at least 10 brands here next year."

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http://europe.chinadaily.com.cn/epaper/2012-08/10/content_15658582.htm

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(China Daily 08/10/2012 page15)