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Smell Clean, Feel Fresh: Freshening Industries (S) Pte Ltd

Wet towels are a must-have for some people, especially in dusty, dirty or humid environments. Packaged in soft, handy packs comprising single or multiple pieces, or in hard-case receptacles, there are wet wipes designed for general as well as specific uses. Amid the many brands, taglines and marketing messages crowding the market, consumers may not always be aware that the company behind popular skin-contact wet wipe brands like Zappy, Smartowel, HospiCare and Moisystem, and custom-purpose brand FrG, is local company Freshening Industries.

Like many SMEs, Freshening started small in 1994, with only a little shop in Eunos. It has since moved on to larger premises as it expanded its manufacturing operations through business ventures in Singapore and beyond. Today, the Freshening Global Headquarters manages and provides expert support to its worldwide Freshening business partnerships.

Over two decades, the company has extended its footprint into China, Hong Kong, Indonesia and Malaysia. Its wet towels and products can be experienced in more than 5,000 establishments across 35 countries. In addition to being a leading player in the food & beverage segment through the supply of kitchen disposables, kitchen products and hygiene essentials, it serves other industries spanning healthcare, airline, hospitality, retail and beauty.

Freshening is looking to expand its consumer care offerings with a new range of products, and had turned to the UOB-SMU Asian Enterprise Institute (AEI)'s flagship Consulting Programme for assistance.

Dusting off doubts

Venturing for the first time into a B2C business, or any new enterprise, can be a tricky undertaking, but Freshening's new range of products may possibly face even more hurdles than others. This is because the SME is stepping away from its position of strength as a leading player in wet towels, as well as from the more familiar B2B setting, into the world of highly-competitive, fast-moving consumer goods (FMCG). Additionally, its new range of products will reside in an FMCG segment that is already dominated by big global players – conglomerates that have, over the years, expended vast resources on developing and promoting their respective products and brands. This includes research and development (R&D), advertising and engagement, and initiatives to better understand consumer behaviour. In fact, a competitor company has already announced the launch of 20 new products this year, further entrenching its position in this market segment.

Freshening is potentially going head-on against established global players with very deep pockets. One such player reports global sales of some US\$53 billion, an R&D budget that is 0.85 per cent of sales, and a global advertising budget of around US\$2.3 billion annually. Locally, a handful of global companies (including the one mentioned) have snagged more than 75% of sales (by value) in the segment the SME is eyeing, according to a Euromonitor International report.

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Anecdotally, the outlook for Freshening may appear bleak but objectively, what do the facts say? The team of student-consultants embarked on a feasibility study using scientific approaches to determine if the SME can carve out a niche for itself by catering to unmet demands in the consumer market.

Wiping away woes

The student-consultants tapped on what they learnt in the classroom to manage the real-life project, working under the supervision of an industry veteran as Project Adviser. Using the SWOT (Strengths, Weaknesses, Opportunities, Threats) Analysis and Porter's 5 Analysis, the team attained a better understanding of the SME and the consumer care segment of the lifestyle industry it might be joining. The analyses formed part of the broader body of knowledge that would contribute to the team's strategic recommendations.

One of the main value propositions of the Consulting Programme is to introduce more methodological techniques when addressing business issues. This includes the use of qualitative and quantitative research to validate the SME's intent to proceed with the new venture, or perhaps to discourage it from proceeding further. To this end, the team of student-consultants conducted face-to-face interviews and an online survey with the identified group of decision-makers for Freshening's new range of products. Armed with the relevant findings, they were able to devise a set of practical recommendations which aligned with the SME's requirements.

Refreshing perspectives

Freshening had turned to the Consulting Programme with an "initial plan" to obtain "a better understanding of the current market size and its opportunities," said a spokesperson. The student-consultants' "intensive research and analyses" were a great help as "they measured the feasibility of the planned expansion, and gave us added impetus to embark on our planning with enhanced vision and direction".

Freshening highlighted that the findings and recommendations provided its R&D team with an "improved perception", thus directing it to focus on formulations to accommodate the niche consumer market. The qualitative method brought "beneficial insights" while the quantitative approach "gathered an adequate pool of responses to understand the general preferences and feedback from the target market. Both approaches worked conjointly to identify the needs, and equipped us with the key knowledge and opportunities to leverage on," added the spokesperson. The feasibility study provided "valuable takeaways, and met our expectations".

"SMU students are generally motivated and they want to do a good job for the client," said Project Adviser Dennis Ng. Within the limited project timeline, the team of student-consultants had to apply textbook theories to the real-life scenario, while keeping an eye firmly on the SME's needs. Simultaneously, they had to "maintain a good balance between thinking out of the box to generate new ideas with practical application". While he would have preferred a "larger sample size and more good qualitative research data", he knew that "sometimes, when ethnographic research is required, it may require spending a full day with the interviewee" – time they did not have the luxury of.

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