



BOKKSU

Bokksu KK

Demonstration Project of Developing Snack Products for Overseas Market Utilizing Customer Data from a D2C Startup

Purpose of the project

■ This project aims to showcase a model for revitalizing the local confectionery industry in Japan through a partnership between small to medium-sized confectionery manufacturers and our company, a provider of a confectionery subscription service, by exporting traditional Japanese sweets to the U.S.

■ Japan's food expenditures are expected to decrease significantly by 2050 due to population decline, and the recent pandemic has hit the souvenir confectionery market particularly hard, while the international popularity of Japanese food products remain high.

■ Especially, there is a growing expectation for confectionery exports, and it is crucial to ensure the quality and safety of products by complying with FDA and other regulations in the U.S. At the same time, understanding consumers' food preferences is vital for marketing.

■ Leveraging our business experience and analytical expertise indicated by our membership of 40,000 and an annual shipment of 400,000 items, our company supports domestic manufacturers in regulatory compliance and marketing strategies to facilitate their entry into the U.S. market.

製品仕様 (イメージ・アイデア)

- 1) サイズ
 - a) 1個10g
 - b) 1個8個入り
- 2) 包装形態
 - a) スタンド袋1袋14
 - b) スタンド袋1袋につき乾燥剤1袋使用
- 3) 賞味期限
 - a) 最長180日間
- 4) 成分
 - a) FDA準拠
 - b) 実部成分
 - c) ベジタリアン、グルテンフリー、乳製品不使用



Details of demonstration

■ In July 2023, efforts to select a contract manufacturer commenced, focusing on the ability to take a flexible and agile approach to meet market demands, and prototype production and product specification discussions were conducted between the U.S. headquarters and Japan side. In August, after reevaluation and tasting sessions, Hata Confectionery was selected as the manufacturing partner to create mochi in a variety of flavors.

■ From September, attention shifted to product specifications and distribution channel research, targeting upscale retailers and also focusing on product size and packaging materials. Starting in October, detailed planning from manufacturing to quality control was carried out, including developing new flavors compliant with deoxidizer regulations and FDA guidelines, along with long-term preservation tests. Complying with deoxidizer regulations and realizing long-term storage significantly affected the progress of the project.

■ Overall, this project managed to address various challenges from selecting manufacturing partners to formulating distribution strategies. Understanding market needs, flexible manufacturing, and regulatory compliance are the key to its success towards market launch.



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Project outcome

- Through the project, we are convinced that the evolution of technology and quality management in developing products for international markets will positively influence domestic production processes and enhance the entire supply chain. This is expected to invigorate the local economies where small and medium manufacturers are based.
- Specific achievements include the realization of a longer shelf life of a food product (mochi) by passing a 210-day long-term storage bacterial test. Additionally, new flavors were successfully developed, utilizing customer preference data to create prototypes of flavors other than sesame, such as yuzu and strawberry. These achievements are a significant step forward because they enable to improve the product quality and reflect demands of the American market.
- Overseas markets have their own regulations. In the U.S., regulations regarding PFAS materials used in deoxygenating agents have already been implemented in 11 specific states. This has a considerable impact on the selection of materials for products and desiccants. However, in this initiative, we were able to develop a significant innovation in packaging methods that prevent products from coming into direct contact with deoxygenating agents.

Challenges and Solutions

- The objective was to meet the FDA's strict food regulations while developing products that match consumer tastes. This entailed avoiding the use of banned colorants, complying with new rules on oxygen scavengers, and ensuring long-term preservation. Measures taken included choosing manufacturers, refining product flavors, and selecting packaging materials.
- The ongoing challenge is to promptly adapt to sudden regulatory changes, and it would be challenging for Japan's smaller manufacturers to do so on their own; thus, the role of knowledgeable companies like ours will be likely to become more prominent.

Future plans

- We plan to start manufacturing in March 2024. After test sales on our EC site and establishment of a mass production system, we aim to distribute the product to mid-sized retail chains in the U.S. around May.
- We will continue to provide support to partner manufacturers from product development to the establishment of mass production system and regulatory compliance. At the same time, we will develop new flavors to meet market demand and aim to increase revenue by expanding our product variations.