



**APCO**  
**food & consumer**  
products

# **APCO Worldwide's** *Food & Consumer Products* *Capabilities in China*



## Table of Contents

ABOUT APCO WORLDWIDE IN CHINA .....	1
OUR FOOD & CONSUMER PRODUCTS (FCP) PRACTICE IN CHINA .....	1
INVESTMENT CONSULTING SUPPORT .....	2
GOVERNMENT RELATIONS .....	3
CRISIS PREPAREDNESS & MANAGEMENT SUPPORT .....	4
STRATEGIC COMMUNICATION.....	6
CONTACT INFORMATION .....	7

## About APCO Worldwide in China

APCO is a global consulting firm and a leading provider of market entry, government relations, strategic communication and corporate responsibility services in China.

We have been serving clients in China since 1989. Today, our China team includes more than 100 professionals from a diverse range of backgrounds, including business, government, journalism, academia and civil society.

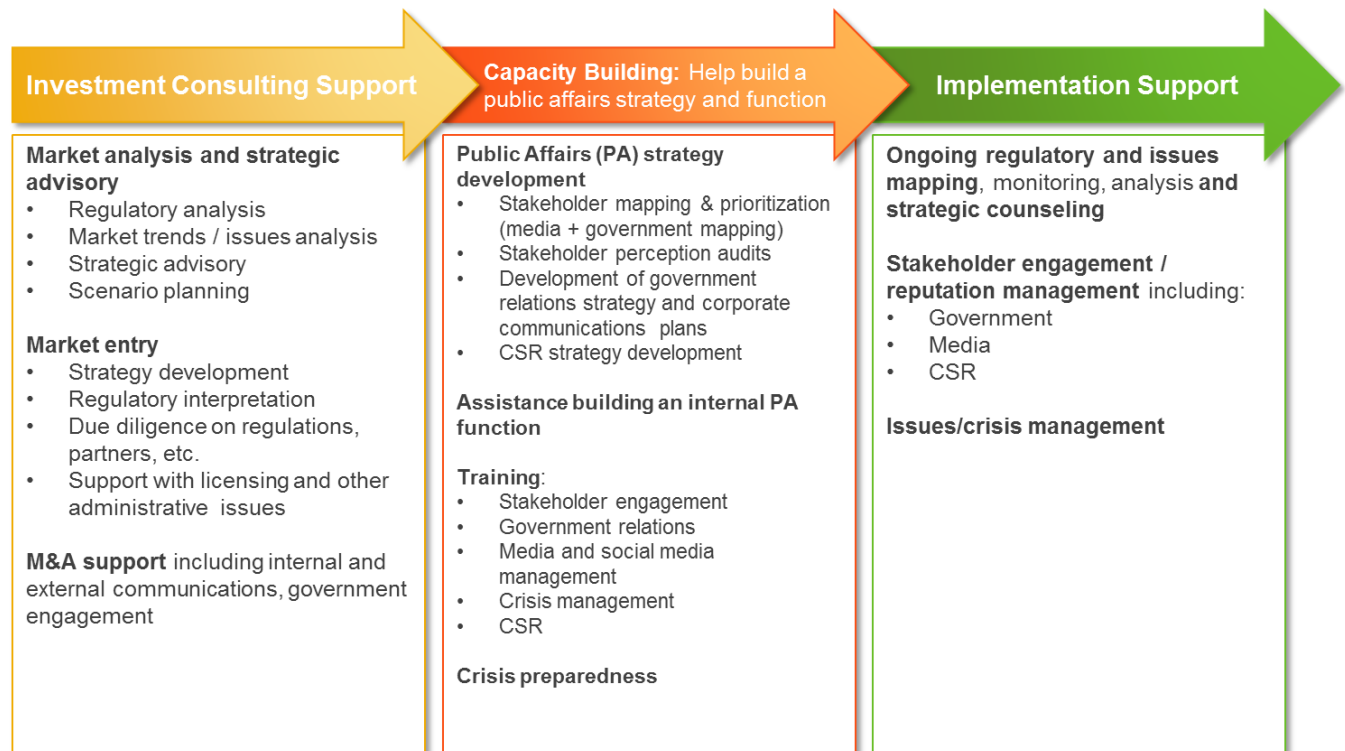
We are based in well-established locations in Beijing, Shanghai, Guangzhou and Hong Kong. Our clients include multinational firms, leading Chinese companies, governments, chambers of commerce, issue-based coalitions, multilateral organizations and nonprofit interest groups. Client success is our measure of achievement, and we help clients realize their objectives at every stage of their engagement in China.

## Our Food & Consumer Products (FCP) Practice in China

APCO's specialized FCP practice in China tracks regulatory changes and emerging issues and has specific expertise in assisting companies in the F&B sector in addressing the unique challenges that they face in China.

We combine our strengths in corporate advisory, public affairs, strategic communications, and corporate social responsibility (CSR) to provide end-to-end services to our clients from the moment they enter the Chinese market through all steps of their business cycle. We have worked with a wide range of companies operating in multiple F&B sectors to help them achieve business success.

Our key services are summarized below and described hereafter:



## Investment Consulting Support

Investment consulting and corporate advisory has been one of APCO's core services in China since we established our presence in the market in 1989. We help clients understand the regulatory framework guiding foreign investments in China and provide hands-on support around investment projects. Specific services we provide include:

### Business planning and China strategy development

Investing in China presents multinational corporations with a unique set of opportunities and challenges. A locally sensitive investment and stakeholder relations strategy is critical to the success of investments in China.

Our corporate advisory team has extensive experience in formulating and executing market entry, business development and expansion strategies in China in the food and retail sectors. Our team includes industry experts, familiar with the specific challenges and key success factors in the industry.

We evaluate business options, choose potential investment partners and locations, appraise competitor strategies, assess government and stakeholder attitudes, and suggest appropriate business structures. We can also identify and prioritize potential investment partners and destinations; track industrial policy, tax incentives and regulation; monitor government and nongovernmental opinion; and assess the financial viability of investments.

It is now possible for foreign companies to acquire directly the equity or assets of domestic limited companies. APCO advises clients on target searches, transaction negotiations and the approval process.

### Government and investment approvals for M&A's and greenfield investments

Although the government approval process has become increasingly transparent, it can still cause delays and frustration. APCO provides guidance at every stage of the process, from helping prepare required documents to lobbying ministerial departments on sensitive issues.

### Partner identification and due diligence

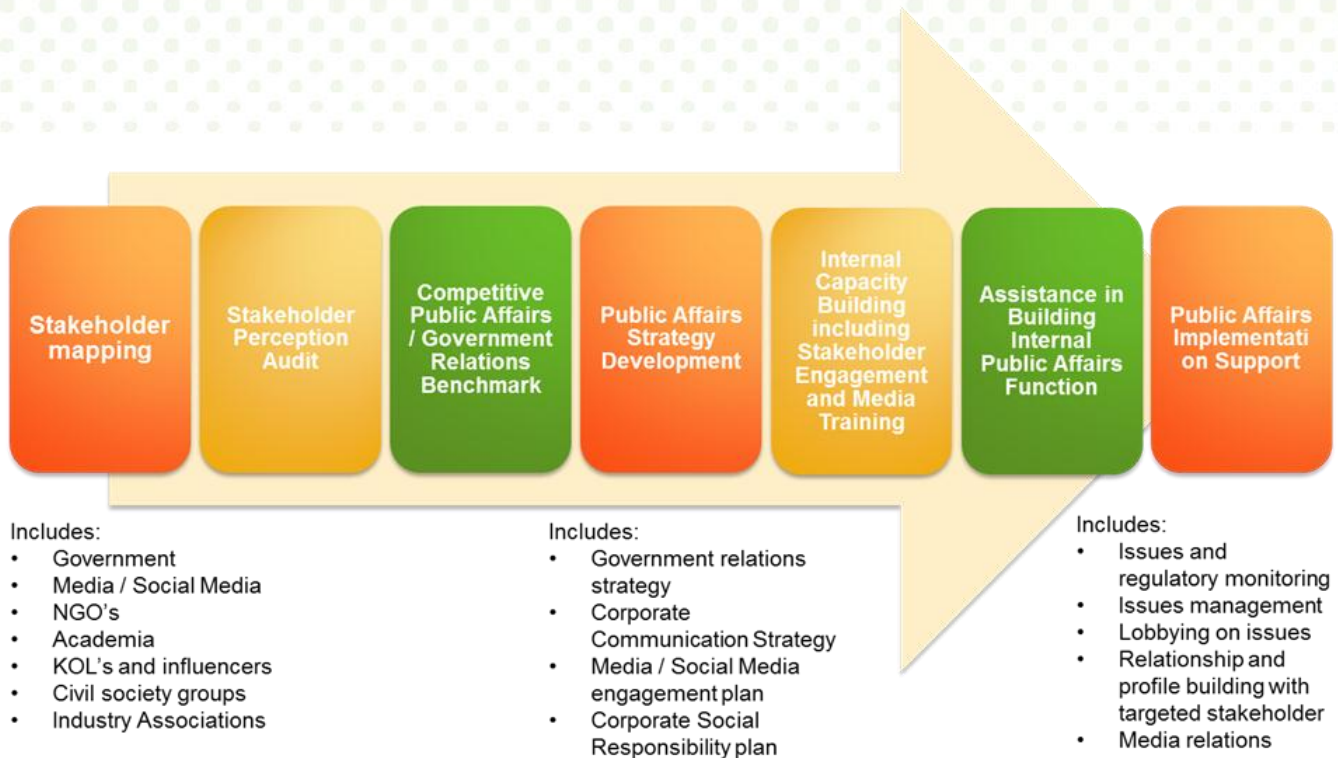
Business partnerships are often essential for foreign companies wishing to enter the China market. We help clients identify profile and engage with the business partners (suppliers, partners, distributors, retailers, etc.) that best match their requirements. APCO performs detailed analysis of potential partners' operations and financials, and cross-checks their credentials by consulting with third parties and government agencies.

### Overseas investment promotion from China

Chinese companies are increasingly looking to expand into overseas markets. We provide support to help understand Chinese outward investment policies, identify local stakeholders which support and facilitate outward investment, design China-focused investment promotion collateral and identify investment leads. We also provide full support for the investment promotion process for qualified investment leads.

## Government Relations

Engaging the government is essential to operating in China. APCO's strategies are based on a deep familiarity with the structure and mechanics of the Chinese government. APCO's experienced team has strong relationships at every level of government. Our key services are summarized below:



### Interpreting government: stakeholder mappings and perception audits

Understanding the workings of government, its structure and sometimes competing agendas of its constituent parts, and the opinions of its officials is critical for business success in China. APCO maps government agencies and conducts perception audits to provide clients with clear advice.

### Government engagement strategy

Government support is a particularly precious commodity in China. "Guanxi" (relationship networks) are still important in China; however, the power of guanxi has limits and APCO rarely relies exclusively on such relationships. Successful government partnerships require regular and ongoing nurturing of institutional relations. APCO helps client understand how to engage key government stakeholders in an effective and efficient way while minimizing compliance risks. We recommend long-term relationship building plans as well as specific programs to help companies build their relationships and reputation with prioritized government stakeholders.

### Government engagement capacity building and training

APCO works with clients to structure their internal government engagement functions. We also conduct stakeholder engagement trainings to help clients maximize the success of their engagement activities.

## Issues and regulatory monitoring and strategic counsel

China's regulatory environment continues to develop and mature. APCO helps clients to identify, monitor and understand forthcoming legislation and its ramifications. However, just as important as the written law is the political climate in which it is enforced. We also deliver regulatory analysis that enables clients to minimize risk and capitalize on opportunities. We pinpoint and prioritize those key issues, directly and promptly advise when clients should take action to exploit opportunities or mitigate risks. Advice is provided monthly, quarterly or as issues arise, depending on clients' needs. For the most controversial issues, we are also well placed to audit stakeholder perceptions discreetly.

## Issue management

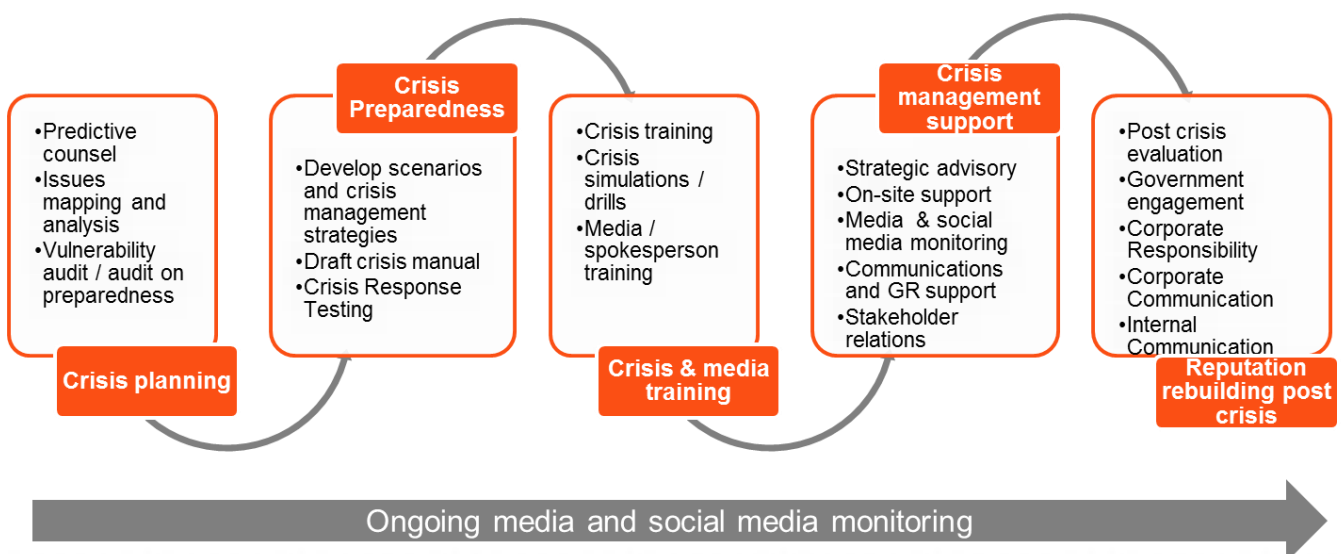
Legal recourse can exacerbate crises and heighten negative perceptions. Behind-the-scenes mediation with regulators is often the best way to achieve lasting solutions. APCO assists in resolving potentially damaging and costly disputes – especially with government audiences. These include the violation of intellectual property rights, reputation attacks by consumers, outspoken media criticism, breach of contract and policy discrimination.

## Coalition-based lobbying

By aligning multiple interest groups, controversial views can be presented to the government while insulating individual companies from negative government or media reaction. APCO pioneered the model of coalition-based lobbying in China and works with a number of organizations to resolve issues that impact the business environment.

## Crisis Preparedness & Management Support

The food safety law is encouraging consumers to exercise their rights and seek compensation and social media has empowered them to do so. Food safety incidents occur on a regular basis, triggering constant changes in standards and regulations and exposing companies to regulatory risks. As a result, China's F&B sector is very prone to crisis. APCO offers a complete suite of services to assist clients in identifying and managing crisis, as summarized below:



## Issues mapping, risk analysis and predictive counsel

APCO's consultants use their knowledge, experience and conduct research to map and understand emerging issues that may create challenges for a business or industry. We use this to advise clients on how to minimize their exposure to risks and to warn clients when issues emerge.

## Vulnerability audits

APCO audits clients' existing crisis response plans and infrastructure and identify gaps. We also conduct crisis simulations or drills to stress-test the readiness to respond to crisis. On the basis of the above we recommend corrective actions.

## Crisis preparedness

APCO helps clients identify key crisis risks and develop scenarios. We create strategies and comprehensive plans for managing potential challenges. We help clients adapt their global crisis response strategies and materials to the China context or if necessary, generate ad hoc ones. We also make recommendations for internal crisis management team structures and assemble communications toolkits that allow for unified communications.

## Crisis & media training

APCO equips clients with the skills and knowledge necessary to successfully identify and navigate crisis situations. Our trainings are also used to introduce new localized crisis procedures / materials to relevant executives and secure their buy-in and support, as well as test agreement and understanding of policies and roles. We provide special trainings for spokespersons interfacing with the media.

## Crisis response testing

We test messages and crisis response through tabletop exercises and drills. We assess horizontal and vertical communications, including across languages, adherence to crisis guidelines and policies, considerations and coverage of stakeholders as well as the quality and coherence of the response strategy and speed of response. Our drills can include "surprise" elements, such as ambush interviews.

## Crisis communication and stakeholder outreach

Companies can face a crisis at any time and, by definition, without warning. A company's ability to respond to a crisis, especially in the critical first few hours or days, greatly affects the company's reputation with employees, partners, customers and the general public. APCO works closely with clients to develop rapid-response mechanisms when there is a crisis. We provide spokesperson support to supplement corporate media relations staff, and act aggressively to make sure the facts surrounding our clients' challenge are represented accurately and issues are properly addressed. If required, we also perform outreach to relevant third parties, including government, employees and the investor community, to ensure their concerns are addressed. During a crisis, we provide around the clock, onsite staffing and support to ensure that our clients' challenges are addressed efficiently and effectively

## Litigation communication

In cases where clients are already engaged in legal proceedings, we help win their cases outside the courtroom. Leveraging government and media relations can be key to resolving cases that are political in nature. For other cases, promoting understanding among government and the wider public helps expedite fairer treatment.

## Media & social media monitoring

We track traditional and social media coverage as it happens to stay informed of tone and correct misinformation.

## Post-crisis evaluation

We evaluate crisis impact on reputation and operations, identifying steps to return back to business. We develop communications to inform stakeholders of actions taken following the crisis situation to mitigate future occurrences. We also monitor media and stakeholder discussions to stay informed of reaction and identify situations where additional outreach or communication is necessary.

## Strategic Communication

APCO enables our clients to be seen, heard and understood. Strategic communication campaigns targeted at government, consumers, media, employees, investors, nongovernmental organizations (NGOs) and the broader public are often central to delivering results in China.

## Corporate positioning and reputation management

We help clients position themselves strategically in China by building communication platforms; designing integrated campaigns to increase visibility and engage stakeholders; enhancing employee communication; arranging third-party endorsements; positioning executives through high-profile conferences and media programs; building reputation online; and developing corporate messaging collateral.

## Media and social media engagement

APCO's consultants have expert knowledge of the media and social media environment in China and maintain close relationships with international and local journalists as well as online key opinion leaders. Our team includes former editors and writers who are skilled at creating unique news angles for each project. APCO also works with clients to structure effective internal media relations functions and build media networks.

## Media and issue monitoring

APCO tracks and analyzes issues that are important to our clients' success. We monitor print, broadcast and online media. For the most controversial issues, we are also well placed to audit stakeholder perceptions discreetly.

## Executive counseling and training

Organizations operating in China often feel challenged by the unconventional public environment. APCO coaches senior executives to optimize interaction with media, investors, consumers, government and NGOs, helping deliver the organization's messages in its own voice. We build our clients' capacity to work with stakeholders through on-camera role-plays, mock press conferences, question and answer sessions, and crisis simulations.

## Corporate social responsibility and sustainability

Companies are increasingly expected to conduct their business in China in a responsible and sustainable manner. APCO is a recognized market leader in corporate social responsibility, assisting

companies to engage with key stakeholders, understand and manage CSR issues, design and execute programs and partnerships, and communicate effectively. In order to support our clients' business objectives and address genuine community needs, we train our consultants to consider CR challenges and opportunities, while understanding China's rapidly evolving civil society and political environment. We help our clients determine how to earn the "license to grow," especially in a world facing increasing natural resources constraints, and major economic and societal challenges.

## Case Studies

### **TATE & LYLE**

**Tate and Lyle** employs APCO on a retainer basis to provide advice about China's F&B industry, government engagement strategies and product registration policies in China.



**Fonterra** chose APCO to provide a comprehensive assessment of its government relations capability in China, and to provide advice around its investments in China and food safety issues.



**Monsanto** engaged APCO to evaluate the Chinese market and potential opportunities. We also assisted in creating an internal communications strategy.



**British Sugar Overseas**, a subsidiary of Associated British Foods (SBF) chose APCO to analyse the regulatory framework governing its China investments and to develop a regional government engagement plan to facilitate the consolidation of agricultural land.



**Kraft** chose APCO for assistance in developing and implementing its government engagement strategy, mapping key regulatory and industry stakeholders, and monitoring and managing industry issues, such as health and nutrition, and GMO.



**John Deere** engaged APCO for a stakeholder perception audit on the opportunities and risks in the agricultural machinery and construction machinery markets in China. APCO analyzed John Deere's strengths and weaknesses in these two business sectors and provided analysis on John Deere as a company and provided recommendations on how John Deere could build a closer relationship with these stakeholders. The report was well received by John Deere and the company plans to deploy its 2011 communications strategies in China based on feedback from its stakeholders.



**New Zealand Trade and Enterprise (NZTE)**, the New Zealand government's trade promotion agency chose APCO to provide strategic counsel in relation to China's food safety law, focusing on the impact the law will have on New Zealand F&B exporters. Separately, NZTE also chose APCO to conduct detailed research on the Pearl River Delta's F&B sector, focusing on the opportunities for New Zealand F&B exporters.



**IEICI (Israel Export and International Cooperation Institute)** hired APCO to conduct some research on market opportunities in the agricultural sector in China.



Mars has employed APCO on a regular retainer basis to provide strategic advice about its business and government engagement strategies in China, as well as to monitor and advise on regulatory and branding issues that may impact on its market success, including food safety, attitudes to pet-care and food labeling. Mars is a major



global client, with APCO providing consulting services in every major global market, including other Asian markets.



**Abbott Nutrition** chose APCO to help its corporate positioning and crisis communication in the Asia region, with a focus on China. The project includes stakeholder perception audit, key messages development, stakeholder engagement, media relations and a consumer outreach campaign.



**Dumex (Danone Nutrition)** chose APCO to assist in developing a crisis manual as well as engage in crisis simulations and crisis training. APCO assisted Dumex with media and government relations during the recent melamine scandal.

Dumex also chose APCO to assist in developing a three-year stakeholder and media engagement plan. APCO mapped Dumex's key stakeholder groups and recommended channels, programs and tactics to engage with prioritized stakeholders and strengthen Dumex's reputation.

APCO helped Dumex develop and implement a strategic communications strategy to strengthen its relationship with key media and social media.

APCO provides strategic counsel and crisis management support to Dumex on an ongoing basis.



**PepsiCo** chose APCO to assist it in mapping the government position on pricing of carbonated drinks and build closer cooperative relationships with its direct regulators.



**Pernod Ricard** chose APCO to research regulations and government attitudes towards some of its imported spirits, in particular their relation to the domestic market, and to develop strategies around combating IP infringements in China.



**United Spirits** chose APCO to help define its China market entry and distribution strategy and to conduct due diligence on potential partners. We also helped the UB Group register a company and navigate the complicated regulatory approval process.

## Contact Information

For further information on how APCO Worldwide can help your organization understand China's political/regulatory environment, please contact:

## SHANGHAI



### **Berenice Voets**

Vice President, Public Affairs  
Manager of APCO's Food and Consumer  
Products Practice in China  
2102 CITIC Square,  
1168 Nanjing Road West  
Shanghai, China 2000041

Phone: +86.21.5298.4668

[bvoets@apcoworldwide.com](mailto:bvoets@apcoworldwide.com)

## BEIJING



### **Greg Gilligan**

Managing Director, Beijing  
16<sup>th</sup> Floor, NCI Tower  
12 A Jianguomenwai Avenue  
Chaoyang District,  
Beijing, China 100022

Phone: +86.10.6505.5127

[ggilligan@apcoworldwide.com](mailto:ggilligan@apcoworldwide.com)