



Production plant for B15 juice beverages.



A variety of B15 juice beverages.

On Genghis Khan's Footsteps...

A stunning supply chain in challenging condition: How Vitsamo delivers quality fruit juices to Mongolians

by DOMINIQUE HURET

Can a country be located further away than Mongolia? Situated between Russia and China, Mongolia is known for its harsh climate, very hospitable people and magnificent "steppe" landscapes. Mongolia was once the biggest empire on land, extending from the Yellow Sea to the Eastern borders of Europe. Granted it is blessed with very rich underground mines which do not prevent the country from facing several serious burdens. Firstly, transport is problematic within this 2.600 km long territory, where winter conditions reach -40° Celsius, deserts and mountains are abundant and roads limited. Another obstacle is the limited availability of fresh products, forcing the food supply to rely heavily on neighboring countries: 80% of the country's food supplies come from China.

Half of the country 2.7 Million inhabitants live in the capital city of Ulan Bator where a rail road links Russia to China. Mother Nature being so spare on fresh fruits, it was not long before markets opportunities arose in producing fruit juices. But there the challenge only begins.

Tserendorj Ochirkhuyag was educated in socialist East Germany. When he was ready to work, the market economy appeared. "After the collapse of the socialist world, the conditions in Mongolia had changed drastically: nobody knew who buildings, land and businesses belonged to. I had no previous experience in juices or drinks but I was deeply convinced that delivering quality fruit juices was the best way to provide daily vitamins intake to people in Mongolia", said Ochirkhuyag. At the beginning of 1995, German and Mongolian shareholders started the Vitsamo Fruit Juice Company

Ltd as a joint venture. Bottling lines and equipment were ordered from robust European makers to produce juice in the country for the first time. Ochirkhuyag joined Vitsamo and got some hands on experience.

When the entrepreneur with a fighting spirit gets in

In 2008, this energetic businessman took the company over and satisfied with the product quality, strongly focused on marketing and distribution. Shortly after, two global players, with foreign capital and brand names, started to produce juices in Mongolia. The

Production plant for B15 juice beverages.



Photos: Cape Decision



Mother Nature being so spare on fresh fruits, it was not long before markets opportunities arose in producing fruit juices.



Also "Made in Mongolia": the drink Sor.

company was prepared and maintained his position of first national player on the market.

year are bringing results, this is very stimulating for our team", concludes Ochirkhuyag.

Shrink film wrapping again is Chinese, when finally, caps and closures are Korean made.

Today, Vitsamo is the third player with 12% of market share, thanks to a wide product portfolio.



"I had no previous experience in juices or drinks but I was deeply convinced that delivering quality fruit juices was the best way to provide daily vitamins intake to people in Mongolia."

TSERENDORJ OCHIRKHUYAG,
Managing Director
Vitsamo Fruit Juice Company Ltd.

Mongolians love to play with words and double meaning, so product brand names are carefully chosen. For example, Vitsamo stands for "Vitaminen Saft Mongolia" (vitamins, juice, Mongolia). The beverage B15 was created in 2010 for the 15th birthday of the Vitsamo Company, but the name also plays on the analogy of the B vitamins often recommended by doctors in this country. B15 also understates the presence of many vitamins in the products, an important health demand of Mongolian customers, with tough living conditions. The cartons bricks "Sor" means "to sip", when "Brilliant" premium juice speaks for itself and is wisely aimed at Horeca.

Clever positioning, good branding

"In such a small market, we think it is wiser to differentiate our three brands in the customer mind: Vitsamo for the premium juice, B15 for everyday juice and Sor for the "on the go consumption" and the kids. In this way, we give consumer a wider choice by a large product offering. Our marketing efforts of the previous

Vitsamo is very proud to be the first juice "made in Mongolia". Considering supply chain logistics, our western eyes can easily understand why.

First, let's consider the ingredients. The top quality juice concentrates travel by trains in aseptic drums from Holland through Germany, Poland and Russia to Ulan Bator in 25 days. The second juice concentrate partner serves Vitsamo through his Chinese office. Sugar comes from Thailand or Korea, and so is citric acid. Serious testing by the Mongolian sanitary authorities applies to Vitsamo well water before entering the production line.

Packaging elements also bear no boundaries: carton brick packs come from Hong Kong and glass bottles are produced in China. Pet performs are Mongolian made, so are cardboards and labels (paper and shrinks sleeves).

If it wasn't enough, constraints are just adding up: challenging product transport, difficult temperatures for production from -35° to +25°C and finally severe air pollution.

No doubt, Vistamo and his manager have the determination and stamina of the Mongol famous predecessor Genghis Khan...

Key No. 79025

Vitsamo Fruit Juice Company Ltd.

- 110 employees
- turn over € 5 Million
- 9.2 million liters produced per year
- 4 production lines
- 3 types of packaging: glass, PET and aseptic cardboard
- Three categories of juice: premium 0.25 l, 0.5 l in glass, convenient 0.5 l, 0.6 l, 1.3 l PET bottle affordable 0.2 l or 1.0 l brick packs

The Author
Dominique Huret from Cape Decision, the expert consulting practice, is based in Belgium.