

Success Story

Keep Things in Perspective to Taste Success

Bassetts Ice Cream Company

“As my exports continue to grow, so has my confidence in exporting. Truth is, I’m more comfortable shipping to China than Chicago.”

—Michael Strange, President

Faith in his product and playing things straight brought Michael Strange all the way to the Great Wall of China.

The Company

When it comes to ice cream, what’s your pleasure? Not sure? Michael Strange of Bassetts Ice Cream Company can help—America’s oldest ice cream company offers 40 flavors, from French Vanilla and Irish Coffee to Moose Tracks and Rum Raisin.

“We’ve been here at the same location on Reading Terminal Market at 12th and Arch Streets since 1892. The store was founded in 1861 by my great-great-grandfather,” Strange says. “It was a pretty local business until the 1970s, when my mother decided to expand by branching out to the Jersey Shore, New York City, and as far west as Chicago.”

Strange had wondered about exporting, but hadn’t really given it a lot of thought. That all changed one day when he attended a food expo panel discussion to learn more about local food manufacturers and to network with executives. As luck would have it, he met a Chinese businessperson whose friend was interested in importing American products. Strange was then persuaded to ship samples of his ice cream to China. “I admit I was skeptical,” Strange recalls.

“After all, China is a long way away—but it cost only \$400 worth of products, so I said, why not?” Unbeknownst to him, the distributor had arranged a blind taste test of Bassetts ice cream, pitting it against a major competitor—the renowned Häagen-Dazs brand. “I’m happy to report that our product performed quite admirably,” Strange says. “I was told the Chinese also liked the fact that we were family-owned, which goes along well with their high affinity for ‘Made in the USA’ products.”

A few weeks after the taste test, the Chinese distributor placed an order for nine pallets of ice cream in a variety of flavors—Bassetts’ first export.

The Challenge

Although elated, Strange had little experience in negotiating long-term deals with international distributors, let alone doing business in China. He also wanted to become a more active exporter, instead of just waiting for orders to come in. “If anyone had told me that China would be my first export market, I would have said ‘fat chance,’” he says. “I was looking forward to doing business in

China but needed to do a lot of homework if I was going to successfully grow long-term sales.”

He needed a road map of introductions to key public- and private-sector resources, including any available export financing. “In short, I needed to develop a long-term export strategy,” he says.

The Solution

Soon after making his first sale to China, Strange met Tony Ceballos, Director of the U.S. Commercial Service in Philadelphia. “This led to a follow-up meeting with CS Trade Specialist Leandro Solorzano regarding my China trade lead,” Strange says. “He gave me good insight on navigating the Chinese market, including customs and tariff resources, essential market research, and referrals with export funding providers.”

Solorzano arranged a meeting for Strange with the U.S. Commercial Service in Beijing, as well as the Foreign Agricultural Service, which provided a commercial briefing, local contacts, and advice on establishing a market presence in Beijing.

Combined with resources from Ex-Im Bank, the World Trade Center of Philadelphia, and the SBA, Strange’s efforts soon culminated in a long-term deal for the sale of more ice cream in China.

Now, 6 years later, exports to China account for nearly 20 percent of Bassetts’ overall sales, and they continue to grow. As Chinese consumers nibble away on the tasty treat at restaurants, hotels, independent parlors, and supermarkets, Strange hopes to “melt away” some of the competition by offering newly crafted flavors. “For the Chinese market, we introduced fruit- and nut-based ice creams and green tea and black sesame flavors to go along with traditional vanilla.”

Meanwhile, Strange continues to diversify his international portfolio, participating in a Caribbean Buyer’s Mission in Miami, where he

made additional sales and met new potential international customers. He is also focusing on countries with which the United States has FTAs. “FTAs make it all the better because the importer is not facing stiff product duties,” he says. “The opportunities are endless.”

Lessons Learned

Reduce risk by purchasing Ex-Im Bank foreign receivables credit insurance. “There’s no way I would have the volume of sales in China right now without it,” he says. “It costs less than 1 percent of the invoice, but it covers 90 percent of receivables.”

“Have confidence in your product or service. If you have a track record of selling in the United States, that’s a good prerequisite for exporting,” he says. “As my ice cream exports continue to grow, so does my confidence in exporting.”

Challenge your logistics expectations. “Ideal shipping and long-term storage temperature for ice cream is -20°F . U.S. common carriers with freezer units rarely maintain temperatures below -15°F , which is fine for most frozen foods but borderline too warm for ice cream. The containers we use to ship ice cream to China, though, are designed to hold temperatures well below -20°F .”

Action

Take advantage of all export resources, and attend networking events. “One of the biggest surprises was the whole array of government and quasi-government export resources that are out there.”

Be open to other cultures. “There’s no way I would have understood Chinese culture had I not exported. My distributor and I have become fast friends. I take him to vendors, and he takes me to his customers. Our relationship couldn’t be better.”

Look for opportunity in FTA countries. You’ll have fewer barriers and greater ease of doing business.