

# Asian Occasion

## Pleasure Products Execs Mine Virgin Territory in Far East

BY BOB JOHNSON

Asia may not be the first, or the hottest market that comes to mind when pleasure product manufacturers and distributors consider selling their products, but the sex toy tide is swiftly turning to the Far East as the next fertile ground for the burgeoning industry.

In fact, a recent *Time* Magazine article reported that the demand for vibrators is so high in the Chinese market that knock-offs of major brands were blatantly on display in nearly every aisle of the recent Asia Adult Expo.

And unlike the adult DVD business that eschews sending its products to most Asian countries because of the numerous restrictions and legal obstacles that often classify most productions as obscene, the novelty industry forges ahead as its products are being welcomed with open arms despite some challenges like the aforementioned piracy of product design.

Although there are only a handful of pioneering companies aggressively targeting the region right now compared with the overall novelty sector, those that have pinpointed the key factors for success.

The countries most targeted by U.S. manufacturers are those that are famil-

iar with western culture like Japan, Singapore, China, Hong Kong and India, according to sexy games producer Kheper Games vice president, Dariusz Kaliszuk.

And sex toy giant Doc Johnson says that without question the region is hot, especially China which ranks as the largest Asian market along with strong sales in Japan. COO Chad Braverman says that the company expects continued growth and an overall increase in consumer demand in China—a country that he describes as being in the midst of a consumer revolution.

Not the typical vibe, lotion or sex-toy company, Kheper's unique line also fits well into the current Asian market because as Kaliszuk explains, manufacturers are "going softer" as the culture is more comfortable with products without explicit titles and images.

And adjusting its marketing strategies to appeal to local customs is well worth the effort, according to the company that describes Asia (especially India) as a rapidly

growing market for its products. Kheper's current revenue share is about 10 percent, but it expects it to grow substantially over the next years beyond the current "expat-driven" business model.

"There are big cultural differences between East/West concerning sexuality, yet we have received numerous inquiries for our products from major Asian markets," Kaliszuk says. "India is leading the increase as the society becomes more open and evolves from Victorian morality imposed on it by Brits who occupied the subcontinent and imposed their moral values on the society that originally embraced sexuality and is a birthplace of the 'Kama Sutra.'"

Maia Toys, which produces its unique color-based dongs, mini-bullets, rabbit and kegel balls in its factory in Shanghai, has offices in Hong Kong and sits at the epicenter of the virgin sex-toy landscape. Despite the appeal of the new territories, Maia is however setting its sights more on the U.S. and European markets rather than Asia because of the societal differences.

Head of sales Mara Epstein says the strategy is based on what the company sees as "the shyness" of the Asian market when it comes to sex toys, and says that her partners attended the recent 'Adult Expo China' trade show in Hong Kong and found that it was mainly comprised of factories—not consumers. "Apparently as cosmopolitan as Hong Kong is, there is still a reluctance about the toy industry. I think it will take a little time to develop the

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**Alexander Giebel**

CEO  
pjur Group





show to accommodate the U.S. companies and help open the doors," Epstein says.

There's obviously truth to Epstein's observation, considering the recent flap between the Asia Adult Expo (held in tandem with the "Intimate Lingerie Asia Fair") and local city officials over its erotic theme. The expo that hosted some 150 exhibitors hawking a number of sex toys was moved from Macau to the more business-oriented Hong Kong, giving some credence to the increasing interest in adult products in Asia.

But despite the challenges and some hiccups, California Exotic Novelties' Senior Director of Business Affairs, Al Bloom, believes Asia is on the cusp of tremendous growth.

Bloom, a veteran of the adult industry who has seen decades of trends come and go, agrees with Kaliszuk's take on the prime Asian markets. But like Doc Johnson, puts China at the top of the list. Although the percentage of CalExotic's Asian sales are described as insignificant compared to total worldwide sales for the company, Bloom says a substantial number of his SKUs are exported back into the Asian markets which account for a "healthy chunk of business" in the emerging region.

He adds that CalExotics has also seen a tremendous increase over the last two years in the market as a whole, fueled in part by social media and websites servicing the various territories. The internet allows Asian women consumers to get past "modesty issues," according to Bloom, allowing them to confidentially purchase sex toys.

And Bloom doesn't worry much about any legal roadblocks that plague the sister movie business. But he does admit that "bias at the border" can sometimes hold up shipments and frustrate shipping

agents on the receiving end. "It has gotten much better, but every now and then, a Customs inspector decides to raise a morality issue, and that delays delivery. Also, most Asian countries have restrictions regarding packaging content, and that varies country by country."

But Doc Johnson's Braverman says the only obstacle he sees is the language barrier because product information cannot be simply translated straight from English. "When we market internationally, we have to be considerate of idiomatic

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With more than 50 percent of the world's population located in Asia the possibilities are endless. I anticipate the Asian consumer will become more open and accepting to novelty products that in turn will push the products more into mainstream channels.

**Robert Rosen**

PRESIDENT OF INT'L SALES  
Electric Lingerie



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phrasing for that particular region. This isn't new territory for us, though; we have successfully marketed our products in Spanish, German, and French. It's a learning experience for us and our retailers in China—but we're getting there," he says.

Some U.S.-based companies like CalExotics and Kheper are just scratching the surface of the Asian market, but other domestic novelty creators would be wise to take note and ready their troops to land on Eastern shores.

But like Doc Johnson in the U.S., some international pleasure product suppliers including major lube producer pjur Group and lingerie manufacturer Electric Lingerie are shipping their goods East in full force.

Although the two companies produce distinctly different products, the overall appeal of pleasure products is apparently universal.

Pjur and Electric Lingerie say they sell 100 percent of their product lines throughout the Asian region. The two markets that generate the highest turnover for pjur are Hong Kong—that CEO and founder Alexander Giebel says is one of the most developed places in Asia—and China, the largest country with the most inhabitants, and thus an appealing pot of potential consumers.

Giebel says that the impetus to court the market is of course based on demand, and notes sales figures in Asian countries are going up year after year. "Our products are very appreciated in the trade and also by the end customers, so we ultimately generate new profits with every new dealer. We are focusing on new markets in Asia, where the entire region has opened up politically and socially, registering strong growth in the last two years, which is also reflected in our sharply rising sales figures," he says.

Robert Rosen, president of international sales and operations for Electric Lingerie, agrees with Giebel's enthusiasm for the market, saying that his company has also seen tremendous increases in the past two years.

"There are a plethora of reasons why we have seen such growth," Rosen said. "First reason is that we have seen such a dramatic increase is from streamlining our operations and specifically targeting good customers in such Asian countries. Also, with our offices located in China as well as Hong Kong this provides us firsthand knowledge of the market and economy of these countries. Second reason for the increase is the growing acceptance in Asian countries for novelty and sexy lingerie products. Like the rest of the world, adult products are becoming more and more accepted in mainstream channels."

Bloom also gets the message and says CalExotics has learned from past international efforts

We expect the growth of this market to be exponential. Doc Johnson is looking forward to fulfilling this demand from our new customers.

**Chad Braverman**

COO  
Doc Johnson





Things like our Butterfly Kiss, many of our Jack Rabbits, our First Time Collection, Precious Metals, and items in the Dr. Laura Berman Intimate Basics top the demand list in Asia.

## Al Bloom

SENIOR DIRECTOR OF BUSINESS AFFAIRS

California Exotic Novelties



and will not let the Asian market slip through its fingertips as the company's always seeking to increase sales. "Asia is not unlike Europe 20–25 years ago. The business in Europe was driven almost 100 percent by Asian-produced goods. It took persistence by all of the American manufacturers to press forward so that the European consumer was given the opportunity to make the choice at retail. We do significant business in Europe, so we see Asia growing in the same manner, only much bigger," Bloom says.

Giebel also points out that the rapid growth of the Asian market in all branches of industry has boosted the percentage share of the consuming middle class. He says that the rising standards of living and prosperity lead to an increasing desire for individualization, self-realization and a high quality of living. "This applies in particular to sexuality and partnership—a process that is promoted through the sustained opening and liberalization of society. This is one of the reasons why our products are doing so well in Asia," he says.

Although Giebel enjoys good sales overall, he says pjur Original, pjur analysem, pjur superhero Spray and pjur med Premium glide are the products registering particularly high sales figures at this time—particularly the superhero Spray. The success of the "superhero" line may be due to pjur's pop culture, creative marketing that's traditionally appealing to the Asian consumer who gravitates to all things American.

Giebel notes that the progressive advertising techniques allowed pjur to overcome some of the cultural hurdles that sex product companies face in the Asian market that he describes as "completely different."

"In China for instance, advertising for erotic products is completely prohibited,

which naturally makes it far more difficult to sell the products than in Hong Kong, for instance, where our pjur partner has run wonderful campaigns for our products time and again in recent years," Giebel says. The executive points to his company's ad campaigns that run on local buses and metros stations, or on TV and cinema screens. "A different approach is therefore needed to present and to attract attention to one's products time and again in those countries. We are delighted that we have managed to do so successfully thanks to intensive cooperation with our local business partners."

And brand names also appear to get Asian consumers' juices flowing when it comes to adult pleasure products.

Rosen says his company does very well with its Ann Devine Rhinestone and Lingerie collections as well as its Hollywood Curves, BlueLine Men's and Lux Fetish collections. He says that aside from the packaging appeal, price and value, immediate delivery also play an important role in the line's success.

Maia Toys, although just cracking the Asian market, also likes the idea of attractive price points to attract consumers. Most of its products sell for under \$80 retail

which Epstein believes will be a major competitive plus once the company moves to Asia after its more recent push in Europe and Russia.

Clever marketing, along with a quality reputation, are also keys in winning over the new market, according to Bloom, who says his company's Asian customers have selected unique CalExotics' collections developed from its own proprietary molds. Despite the pesky knock-off trend, Bloom notes that locally produced vibes and toys don't enjoy the same volume sales, as do American brands with "luxury" status even at higher prices.

"Things like our Butterfly Kiss, many of our Jack Rabbits, our First Time Collection, Precious Metals, and items in the Dr. Laura Berman Intimate Basics top the demand list in Asia," Bloom notes.

Braverman says that much like here in the U.S., products that are American-made have a huge customer draw in Asia because of the strong and proven correlation with quality. With only a small handful of American manufacturers in this industry, it's also quite a rarity in the East. "Our best performers are products that carry our 'Built in America' label, which is most of our inventory. We're the 'Great American Toy Company,'" he says.

But like any successful venture, manufacturers can't go it alone—especially when trying to break an entire continent with glaring cultural tastes and sensitivities to adult products.

Rosen, whose company headquarters is in Hong Kong, says he relies on a tremendous amount of relationships throughout Asia that include everything from direct consumers, to retail customers, to larger distributors, to direct factory suppliers. The advantage of being in Asia, Rosen adds, gives Electric Lingerie a great understanding of the culture and mentality of the Asian customer.

Pjur, a company obviously ahead of the curve, has had solid Asian allies for more than 10 years in the region that gave it a leg up when the market began embracing adult products.

The strength of Kheper is that we are a crossover company with broad mainstream appeal. We expect to benefit from a culturally diverse, international team that embraces foreign market specific requirements.

## Dariusz Kaliszuk

VICE PRESIDENT  
Kheper Games



Giebel says pjur found a partner in Hong Kong some years ago with which it enjoys mutually satisfactory and very successful cooperation.

"Working with Evan Sho and his team is fun and extremely uncomplicated. It facilitates

communication and the expansion

of our sales regions in the Asian market. Furthermore, contacts with many other local business partners, who know their customers and market really well, support a simple and smooth cooperation in this region. For long-term cooperation with business partners is the guarantee for striking a nerve among Asian customers," Giebel says.

As early as 2004, the company participated in the Adult Expo China fair in

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# Asian

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Shanghai where its sales team was able to make valuable contacts. "We have from the outset been open to new, future-oriented markets, which Asia undoubtedly was, and for that matter still is," Giebel adds.

Working with local Asian distributors not only smoothes the transition but lets U.S. manufacturers know what consumers want without having boots on the ground.

Kheper's Kaliszuk notes that the company works closely with its distributors to identify products that are suitable from the cultural and legal point of view, adding that its business model is more skewed towards online sales, so discretion is very important. "We also identified key indirect distribution channels (i.e. via Australia) that help us increase volume while still serving smaller customers who try break into adult novelty market," he says.

Not having a working relationship in any foreign market can also spell disaster, even in a growing market that's seeing unprecedented demand for the pleasure products segment.

Bloom points out that CalExotics has strong Asian relationships, but operates under the "respectful tradition that Asian's

subscribe to in business." But he warns that there are many American companies that have failed on Asian soil because they did not understand the manner in which business is conducted. "Over the years, and many trips to Asia, we have gained the skills in which to conduct our business within the Asia culture," Bloom says, intimating that American colleagues should not think they can simply waltz into Asia and expect huge sales simply because they have great products or clever marketing.

The good news however for aspiring U.S. companies is that some of the most well-known sex toy giants haven't yet even tapped Asia, making it fertile ground for entry and expansion—and they should take note from the trailblazers.

Rosen's plan is to keep growing and making new contacts and relationships, saying he'll focus more on consolidating the company's current collections and expanding retail operations throughout Asia. He predicts a bright future and tremendous opportunity for the future of novelty products. He says, "With more than 50 percent of the world's population located in Asia the possibilities are endless. I anticipate the Asian consumer will become more open and accepting

to novelty products that in turn will push the products more into mainstream channels. For now, we still continue to build on our existing operations and try to win consumers and retailers over one by one."

Pjur is also stepping up its efforts by negotiating further major sales partnerships in Asia.

Giebel says the Asian market is in an "ever-expanding growth phase" and feels that like American-made goods, quality products from Germany will continue to enjoy ever growing popularity among Asian customers.

Sexy games, although not what can be considered the typical adult novelty or pleasure product, are nevertheless Kheper's lifeblood. And because of the company's progressive attitude toward the region it's positioned it as a major contender that's planning on continuing to hit the market hard.

Kaliszuk says Kheper is working with its key distributors on the continent and in Australia to find the best way of broadening Kheper's presence in Asia. The dialogue and the results are very promising, according to the exec, who predicts even better results in 2014 and beyond.

"The strength of Kheper is that we are a crossover company with broad mainstream appeal. We expect to benefit from a culturally diverse, international team that embraces foreign market specific requirements. It makes us well positioned to adapt and benefit from more open attitude towards our products in the major Asian markets. The piracy will be major problem as we expand, but we are optimistic that this obstacle will not limit

us too much as we are looking for rapid growth in India and China," Kaliszuk explains.

And CalExotics—although just beginning to get its feet wet in the region—also wants to bolster its efforts and sales in Asia.

Bloom says the company has been in talks with "major players," who as potential key partners will broaden its distribution to the point that's commensurate with the population numbers. "It is a staggeringly big market, one that we take very seriously, and will continue to develop for years to come," Bloom says.

Doc Johnson's Braverman says it would be crazy not to seek expansion in Asia, adding that his company's high-quality, American-made products are just what the Asian consumer craves. He further points to feedback from industry trade shows in Asia that reflect the increasing interest and the large purchasing power behind it.

"We expect the growth of this market to be exponential. Doc Johnson is looking forward to fulfilling this demand from our new customers," Braverman says.

And for novelty companies thinking there's plenty of time to break into the market, they should think again, considering the huge slate of exhibitors and registered buyers at the recent Asia Adult Expo that included Australia, Brazil, Chile, China, Czech Republic, France, Hong Kong, Japan, the Netherlands, Panama, Philippines, Russia, South Africa, Switzerland, Thailand and the U.S. If that lineup is any indicator of the appeal of the new market, then savvy novelty companies need to set their sights to the Far East—now. **H**

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## LELO

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LELO Marketing Director Donna Faro said, "The couples' massager has been on the market since before LELO even began 10 years ago, but only in 2009 did our design team really focus on making this category better. With increasing demand and limited options, the product offering was in need of a genuine shake-up. The new sensations offered by Ida and Tara for both partners, not just the woman, ensure it's going to be an exciting build-up to Christmas."

LELO called Standard Innovation's latest message to resellers "misinformation" and says ITC's decision currently impacts the Tiani 2, Tiani and Noa couples' massagers for the U.S. market alone.

"LELO fully respects the ITC decision and is abiding fully while launching its appeal

in the U.S.," the company said. "However, LELO continues to defend its right to offer genuine innovation to customers with a completely new product design that calls couples everywhere to: Put a Whole New Spin on Making Love."

Faro added, "That's a much nicer point to focus on. Let the customers decide, and then everyone can get on with offering the best possible experiences to these customers."

Standard Innovation says it has informed the authorities of LELO's new launch and is working to ensure the ITC's orders are enforced as applicable.

"Standard Innovation will continue to enforce its valuable intellectual property rights, and bring our market leading patented brand of sexual wellness products to market together with our valued channel partners," the company said. **H**