

# Peer Insights

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## R E P O R T

### Q&A with Danny Taing of Bokksu Founder & CEO

#### **Principle Series:**

*Bokksu ([www.bokksu.com](http://www.bokksu.com)) is the leading subscription box and media platform for Japanese food discovery and authentic storytelling. We directly partner with local 100+ year-old snackmakers across Japan to deliver both their artisanal snacks and their rich stories to people everywhere. This sustains and empowers local communities while spreading their traditional craft, culture, and history to the world.*

*Bokksu's primary product offering is a monthly subscription box of snacks and teas around a regional or seasonal theme, with items carefully curated to include famous favorite snacks as well as lesser-known and delicious products from local/regional makers, many of whom have never sold their product internationally. Accompanying the snacks is a 20+ page Culture Guide magazine, which details the makers' stories, products' origins, and cultural significance of that month's theme. Bokksu customers can also order snacks and teas on an a la carte basis on the marketplace section of our website, which is a rapidly growing area of the business. In December 2019, Bokksu shipped orders to over 15,000 subscribers in 70+ countries, growing >50% Y/Y. Bokksu's marketing efforts are supported with extensive media content, highlighted by our web series documentary about five of our snackmakers; this video series is in post-production and will be released in Spring 2020.*

*In 2020, Bokksu will expand into Bokksu-branded products, expanding into retail distribution with Japanese snacks that are known to be hugely popular with the American audience based on analytics from our subscription box and marketplace. We plan to use Bokksu-branded packaging and sell into specialty grocery, conventional grocery, independent retailers, and club stores. Our plans include prototype products in 2Q20, followed by our first distribution deal in 4Q20.*



B O K K S U



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Who buys subscription boxes of Japanese snacks and why? How big is the opportunity for Bokksu?

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Bokksu ships our boxes of Japanese snacks and teas, carefully curated around a monthly theme, to over 15,000 customers in over 70 countries worldwide. ~65% of

our customers are American, and another ~15% are in Canada, the UK, and Australia, which reflects our English-language website and Culture Guide magazine as well as the relatively high disposable income in those countries.

We believe Bokksu's market opportunity is driven by the increasing connectedness of the global community and their desire for authenticity and learning. Interest in Japan's deep, rich culture and cuisine is growing rapidly, and we believe our market includes 100M's of people who are excited about Japanese culture, international food discovery, or both. Examples of this growth include:

- 1) 31M+ overseas tourists to Japan in 2018, growing at a 14% CAGR over the past 10 years (5x growth since 2012);
- 2) Rapid growth in the number of overseas Japanese restaurants (30% growth from 2015 to 2017, and 5x growth since 2006);
- 3) A \$9B overseas anime market (Japanese animated television/movies) market, growing at a 9% CAGR over the past 10 years.

Though many people assume our customers skew towards those of Japanese citizenry or heritage, our most typical customer is a Caucasian woman, aged 25-44. Our customers often have some connection to Japan, or a desire to travel to or learn more about Japan in some way - they have interests in Japanese culture, cuisine, anime and manga, J-pop music, and/or cinema.

We believe our high customer retention is a strong signal of the quality of our product and the desire by customers to explore Japanese culture through our curations. Our average customer life is 8 orders, far higher than comparable subscription boxes.

## What new business initiatives does Bokksu have that will launch Bokksu's business to the next level of growth?

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We have a number of exciting projects in 2020 that will drive our growth in 2020 and beyond.

### 1) Development of Bokksu-branded products

a) Given the data we have from introducing hundreds of different products to customers through our subscription boxes and analyzing survey results and purchasing patterns in Bokksu Market, we have valuable insights on Japanese snacks that international consumers crave. We believe we can pack these field-tested favorites in Bokksu-branded packaging and sell them to specialty grocers, conventional grocers, independent retailers, and club stores.

b) We plan to develop our first prototypes of Bokksu-branded products in 2Q20, to seek our first wholesale distribution deal in 4Q20. As we introduce new products and expand our offerings, we expect our sales volume, shelf space, and store presence to grow.

## 2) Expansion into adjacent products

a) In early summer 2020, we will launch Tea Bokksu - a quarterly subscription delivering a curation of loose leaf tea and tea bags to customers worldwide. We believe there's significant demand for high quality Japanese teas at a reasonable cost, and believe our sourcing team's ability to find and procure teas from Japanese teamakers represents a competitive moat.

b) Our marketplace will expand significantly in 2020. We currently sell snacks and teas on an a la carte basis on our website. To this point, they have mainly been snacks that have been featured in our monthly curations. Starting in 2020, we plan to expand our offerings to popular and premium foods and drinks beyond our monthly curations, as well as non-food categories like housewares, beauty, and collectibles. Our SKU count in our marketplace will move from 160 at the end of 2019 to 250 by the end of 2020. We believe this will meaningfully expand our transactional revenues as well as providing opportunities to cross-sell our subscription box to these marketplace customers.

## 3) Media, content, and community development

a) In October 2019, Danny traveled to Japan with a documentary film crew and generated over 40 hours of footage interviewing and filming five of our artisanal snackmakers. The five episode web docuseries will premiere in spring 2020. We believe that by showcasing our makers and their passion for the foods they make, we can deepen our relationship with our customers and draw in a wider audience of people fascinated by Japanese cuisine.

b) We plan to expand our community and deepen our relationship with them with exclusive content. We are growing our Bokksu community over time, with over 2,000 members in our private Facebook group and over 100,000 on our mailing lists. We believe the market for overseas interest in Japanese culture and cuisine numbers in the 10M's, and believe we can serve that interest by serving our members things like our snackmaker documentaries and other unique content about cuisine, Japanese language learning modules, anime streaming, and other Japanese cultural content.

## What is Bokksu's competitive moat?

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Our largest competitive moat is our sourcing of unique local and regional products which are unavailable from Japanese wholesalers and exporters. Our sourcing team scours food expos, internet websites, and seeks introductions from current partners. Over the years, we have developed hundreds of relationships with snackmakers, with about 60 long-term relationships with makers whose quality and variety resonates strongly with our customer base. The result is a product that is not replicable by competitors or new entrants; that achieves variety and uniqueness not possible with conventional wholesaler catalogs; and that delights customers who want to discover foods not available in grocery stores outside Japan.



### ***Danny Taing of Bokksu***

Danny Taing is the founder and CEO of Bokksu, the world's first e-commerce platform that connects people and sustains culture through food and media. Danny founded Bokksu in 2015 to introduce foodies around the world to authentic Japanese snacks and teas only found in Japan. He developed his passion for Japanese food and travel during his four years living in Tokyo before moving back to New York City in 2013. Before Bokksu, Danny worked at Rakuten, the Japanese e-commerce and banking conglomerate in Tokyo, and at Google as an advertising strategist. Danny completed the Post-baccalaureate Studies in Computer Science program at Columbia University in 2014 and received an M.A. in Sociology and a dual B.A. in Psychology and Communication from Stanford University in 2008. Contact Danny: [danny@bokksu.com](mailto:danny@bokksu.com)