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EXPORTING DIGESTIVE SYSTEM DISORDER  
SUPPORTING PRODUCTS TO SOUTH-EAST  
ASIAN MARKETS  
MARKET BREACH GUIDEBOOK

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# EXPORTING DIGESTIVE SYSTEM DISORDER SUPPORTING PRODUCTS TO SOUTH-EAST ASIAN MARKETS

## PLANNING

### GOAL

The aim on this report is to provide a starting point for companies looking to invest in exporting their products to South-East Asian markets from the examples of digestive system disorder supporting products.

This report features examples from companies operating in Latvia and Estonia and showcases their experiences in relevant topics. This guidebook is meant to be used step by step as a way of self-learning the broader strategy for exporting.

### QUESTIONS TO BE ADDRESSED BEFORE PROCEEDING

Nr	Questions
1	Is my company established in the local market?
2	Has my company exported products before?
3	Am I planning to launch a new product in the foreign market?
4	Have I completed a business analysis for my current product?
5	Am I ready to focus full-time on foreign markets?

This report is for you if you answered YES to at least 3 of those questions.

The guidebook is set up in a workbook manner and meant to be followed step by step. Some fields have been filled out to show examples from companies. The guidebook has been adjusted to draw more attention to the specifics of South-East-Asian markets.

### OVERVIEW OF TARGET MARKETS

Selection of markets is essential for a successful export operation. Below are described the characteristics of Malaysian and Singaporean markets along with general overview and potential for entering the market.

Nr	Target market
1	Malaysian pharmaceuticals
2	Malaysian health supplements
3	Singaporean pharmaceuticals
4	Singaporean health supplement

## ASPECTS TO CONSIDER ENTERING THE MARKETS

This section helps to assess how a product, or a service would perform in a selected business environment. After the market has been carefully selected, a more specific export strategy can be developed.

<b>Nr</b>	<b>Components of exporting</b>
<b>1</b>	Economic component Financial crisis, traditional fields, banking, interest, inflation, average salary, taxes etc.
<b>2</b>	Social component Culture, language, demographic situation, religion, level of education, ethical convictions/beliefs
<b>3</b>	Political component International agreements, taxes, laws, regulations
<b>4</b>	Technological component Technological level, speed of development, digitization, cyber security
<b>5</b>	Ecological component Climate, climate change, environmental contamination, recycling, sustainability measures

## IMPLEMENTING THE PLAN

Since developing an export strategy is not a task that can be completed overnight, then here is an overview of the guidebook to track your progress and divide the task into smaller measurable goals.

Stage	Chapter	Deadline for finalizing	Completion %
1	Getting familiar with Malaysian and Singaporean market	Date	%
2	Selecting products and services for export	Date	%
3	Analysing market trends and demand, distribution channels, price range	Date	%
4	Potential market selection. Singapore, Malaysia or both?	Date	%
5	General information about the company	Date	%
6	Describing the products for export in detail.	Date	%
7	Market entry and local regulations	Date	%
8	SWOT analysis	Date	%
9	Marketing strategy	Date	%
10	Risk analysis	Date	%
11	Financial prognosis	Date	%
12	Export execution plan	Date	%
13	Action plan	Date	%
14	Additional funding	Date	%

In the report

- All text that has been highlighted in **YELLOW** is instructional and can be cut out from the finalized report.
- All text that has been highlighted in **GREEN** has important information about the market specifics and should be considered, however should be removed later.

## WHY SINGAPORE AND MALAYSIA?

This section will compare the pros and cons of different East Asian markets

Table. Target market selection

Target market	Target market local divisions	Pros	Cons
Malaysia	Eastern and Western island	Lots of pharmaceuticals are imported Powdered form food supplements do not require long registration process	Lots of pharmaceuticals are imported Only doctors can prescribe medicines
Singapore	City	Market is close together and prices are high	Market is saturated
South-Korea	Seoul and smaller cities	Health supplements are known and easier to have health claims	Market is saturated
Taiwan	Taipei and Southern Taiwan	The government supports the use and development of probiotics, health supplements are widely used.	Local suppliers are very advanced

Malaysian and Singaporean markets are both attractive as they have high diversity, have reported high growth in both health supplements and pharmaceuticals and have growing populations with relatively stable politics and open business environment.



# 1. FAMILIARISING WITH MALAYSIAN AND SINGAPOREAN MARKET

## MALAYSIAN AND SINGAPOREAN MARKET

Below is a general overview of the economies of Malaysia and Singapore and highlights the main aspects needed to consider before thinking about selecting them for export.

### MALAYSIA

Capital: Kuala Lumpur

Population: 31.7 million

<b>GDP</b>	<b>\$1.002 trillion (PPP 2018 est.)</b> <b>▲ \$364.919 billion (Nominal 2018 est.)</b>
<b>GDP growth</b>	<b>▲ 5.9% (2017)</b>
<b>GDP per capita</b>	<b>\$30,858 (PPP, 2018 est.)</b> <b>▲ \$11,237 (nominal, 2018 est.)</b>
<b>Unemployment</b>	<b>▲ 3.4% (June 2017)</b>
<b>Ease-of-doing-business rank</b>	<b>▼ 24th (2018)</b>
<b>Imports</b>	147.7 billion (2015 est.)
<b>General business</b>	<b>Easy to reach a deal, however local businesses value local businesses</b>
<b>Main import partners</b>	<b>China 15.1%</b> <b>Singapore 13.3%</b> <b>Japan 11.3%</b> <b>United States 9.2%</b> <b>Thailand 6.0%</b> <b>Indonesia 5.1%</b> <b>South Korea 4.8% (2012 est.)</b> [12]
<b>DSD specific business</b>	
<b>Business culture</b>	<b>Malaysia is an islamic country and link between religion and business is expected.</b>

Source: <http://umkeprints.umk.edu.my/1481/1/Entrepreneurship%20Vision%202020.pdf>

## Probiotic market sizes

### in Malaysia and Singapore

Geography	Category	Data Type	Unit	2013	2014	2015	2016	2017	2018
Malaysia	Probiotic Supplements	Retail Value MSP	EUR million	1,3	1,4	1,6	1,8	2,0	2,4
Malaysia	Herbal/Traditional Products	Retail Value MSP	EUR million	162,6	168,8	181,2	183,5	187,1	206,0
Singapore	Probiotic Supplements	Retail Value MSP	EUR million	0,3	0,3	0,4	0,4	0,4	0,4
Singapore	Herbal/Traditional Products	Retail Value MSP	EUR million	101,7	103,9	118,7	122,2	123,7	125,2

Source: Euromonitor 2018

### Breakdown of Herbal/Traditional products based on outlet type in Malaysia and Singapore

Geography	Outlet Type	2013	2014	2015	2016	2017	2018
Malaysia	Store-Based Retailing	67,4	67,8	67,6	68,9	69,4	69,4
Malaysia	Grocery Retailers	10,9	10,6	10,5	10,4	10,2	10,0
Malaysia	Modern Grocery Retailers	10,6	10,4	10,2	10,1	09,9	09,7
Malaysia	Convenience Stores	00,0	00,0	00,0	00,0	00,0	00,0
Malaysia	Discounters	-	-	-	-	-	-
Malaysia	Forecourt Retailers	-	-	-	-	-	-
Malaysia	Hypermarkets	08,3	08,2	08,1	08,0	07,9	07,8
Malaysia	Supermarkets	02,3	02,2	02,2	02,1	02,0	02,0
Malaysia	Traditional Grocery Retailers	00,2	00,2	00,2	00,3	00,3	00,3
Malaysia	specialists Food/drink/tobacco	-	-	-	-	-	-
Malaysia	Independent Small Grocers	00,2	00,2	00,2	00,3	00,3	00,3
Malaysia	Other Grocery Retailers	-	-	-	-	-	-
Malaysia	Healthfood shops	-	-	-	-	-	-
Malaysia	Retailers Other Other Grocery	-	-	-	-	-	-
Malaysia	Mixed Retailers	-	-	-	-	-	-
Malaysia	Department Stores	-	-	-	-	-	-
Malaysia	Mass Merchandisers	-	-	-	-	-	-
Malaysia	Variety Stores	-	-	-	-	-	-
Malaysia	Warehouse Clubs	-	-	-	-	-	-
Malaysia	Non-Grocery Specialists	56,6	57,2	57,1	58,5	59,2	59,4

Malaysia	Health and Beauty Specialist Retailers	56,6	57,2	57,1	58,5	59,2	59,4
Malaysia	Beauty Specialist Retailers	-	-	-	-	-	-
Malaysia	Chemists/Pharmacies	10,8	10,6	10,7	10,7	10,8	10,9
Malaysia	Optical Goods Stores	-	-	-	-	-	-
Malaysia	Drugstores/parapharmacies	41,8	42,4	42,1	43,4	44,0	44,1
Malaysia	Other Healthcare Specialist Retailers	04,0	04,2	04,4	04,4	04,4	04,4
Malaysia	Other Non-Grocery Specialists	00,0	00,0	00,0	00,0	00,0	00,0
Malaysia	Non-Store Retailing	32,6	32,2	32,4	31,1	30,6	30,6
Malaysia	Vending	-	-	-	-	-	-
Malaysia	Homeshopping	-	-	-	-	-	-
Malaysia	Internet Retailing	01,0	01,0	01,1	01,2	01,3	01,3
Malaysia	Direct Selling	31,6	31,1	31,3	29,9	29,3	29,3
Malaysia	<b>Total</b>	<b>100,0</b>	<b>100,0</b>	<b>100,0</b>	<b>100,0</b>	<b>100,0</b>	<b>100,0</b>
Singapore	Store-Based Retailing	78,9	79,1	78,9	78,2	77,8	77,5
Singapore	Grocery Retailers	18,6	18,6	18,3	18,1	17,9	17,8
Singapore	Modern Grocery Retailers	12,9	12,9	12,8	12,6	12,5	12,5
Singapore	Convenience Stores	01,8	01,9	01,9	01,8	01,8	01,8
Singapore	Discounters	-	-	-	-	-	-
Singapore	Forecourt Retailers	00,2	00,2	00,2	00,2	00,2	00,2
Singapore	Hypermarkets	02,7	02,7	02,6	02,6	02,6	02,6
Singapore	Supermarkets	08,2	08,2	08,1	08,0	08,0	08,0
Singapore	Traditional Grocery Retailers	05,7	05,6	05,6	05,5	05,4	05,3
Singapore	specialists						
Singapore	Food/drink/tobacco	01,7	01,7	01,7	01,6	01,6	01,6
Singapore	Independent Small Grocers	02,8	02,8	02,7	02,7	02,7	02,7
Singapore	Other Grocery Retailers	01,2	01,2	01,2	01,1	01,0	01,0
Singapore	Healthfood shops	01,1	01,0	01,0	01,0	00,9	00,9
Singapore	Other Other Grocery Retailers	00,1	00,1	00,1	00,1	00,1	00,1
Singapore	Mixed Retailers	01,6	01,7	01,7	01,7	01,7	01,7
Singapore	Department Stores	01,6	01,7	01,7	01,7	01,7	01,7
Singapore	Mass Merchandisers	-	-	-	-	-	-
Singapore	Variety Stores	-	-	-	-	-	-
Singapore	Warehouse Clubs	-	-	-	-	-	-
Singapore	Non-Grocery Specialists	58,7	58,8	58,8	58,4	58,2	58,0
Singapore	Health and Beauty Specialist Retailers	58,7	58,8	58,8	58,4	58,2	58,0

Singapore	Beauty Specialist Retailers	-	-	-	-	-	-
Singapore	Chemists/Pharmacies	06,3	06,3	06,4	06,5	06,6	06,6
Singapore	Optical Goods Stores	-	-	-	-	-	-
Singapore	Drugstores/parapharmacies	43,3	43,0	43,1	42,8	42,6	42,6
Singapore	Retailers Other Healthcare Specialist	09,2	09,5	09,3	09,2	09,0	08,8
Singapore	Other Non-Grocery Specialists	-	-	-	-	-	00,0
Singapore	Non-Store Retailing	21,1	20,9	21,1	21,8	22,2	22,5
Singapore	Vending	-	-	-	-	-	-
Singapore	Homeshopping	-	-	-	-	-	-
Singapore	Internet Retailing	01,8	02,3	02,7	03,0	03,4	03,8
Singapore	Direct Selling	19,2	18,6	18,4	18,8	18,8	18,7
Singapore	Total	100,0	100,0	100,0	100,0	100,0	100,0

Graph. Developments in the worlds

## SINGAPORE

<b>GDP</b>	<a href="#">US\$349.7 billion (nominal; 2018 est.)<sup>[1]</sup></a> <a href="#">US\$554.9 billion (PPP; 2018 est.)<sup>[1]</sup></a>
<b>GDP growth</b>	▲ 3.6% (2017) <sup>[2][3]</sup>
<b>GDP per capita</b>	US\$61,766 (nominal; 2018 est.) <sup>[1]</sup> US\$98,014 (PPP; 2018 est.) <sup>[1]</sup>
<b>Unemployment</b>	2.1% (December 2017)
<b>Imports</b>	US\$282.9 billion (2016)
<b>Ease of doing business rank</b>	▲ <b>2nd (2018)</b>
<b>Main import partners</b>	<ul style="list-style-type: none"> <li> <a href="#">China</a> 14%</li> <li> <a href="#">European Union</a> 14%</li> <li> <a href="#">Malaysia</a> 11%</li> <li> <a href="#">United States</a> 11%</li> <li> <a href="#">Taiwan</a> 8%</li> </ul>
<b>DSD specific business</b>	
<b>Business culture</b>	

Singapore is a diverse market with various ethnic groups.

**A) General global developments**

- People are more health conscious
- Heart health issues main cause of death

**B) Client and market based developments**

- Consumers becoming more aware
- Lots of choice for different products
- 

**C) Technology based developments**

- Probiotics are getting more effective

**D) Application field developments**

- Probiotics with highly specific strains (i.e. for brain stimulation, heart health etc..)

**E) Environmental related developments**

- Product needs to be designed from cradle to cradle
- Blister packs too hard to recycle



## 2. SELECTING YOUR PRODUCTS FOR EXPORTING

### PRODUCT INFORMATION

Briefly describe the product intended for export and highlight its competitive edge at the current local market.

List three competitive edge at an export market.

Client needs	Company A	Company B	Our company
Price	14	8	10
Quality	Very good	Average	Good
Shipping (in days)	10	25	50
Customizing orders	Yes	No	Yes
Amount of active ingredient	10 billion CFU	5 billion CFU	5 billion CFU
Shelf life	2 years	2 years	1 year
Form	Ready to use powder	Capsule	Capsule
Certificates	All	All	Missing some

### 3. ANALYSIS OF MARKET TRENDS AND DEMAND, DISTRIBUTION CHANNELS AND PROFITABILITY

Get familiar with the markets both Malaysian and Singaporean on paper. Find a broad market analysis to use, like a report from either Euromonitor or equivalent source. Find market trends and see if your product matches the trends or does it need improvement.

Here is an example of an herbal traditional health products on both markets with a focus on probiotics.

The goal of this section is to find reliable sources to base market research on and to assess the market in a broader sense if the product group is even used.

The report also helps to vision long term perspective of product development.

If additional market research is needed, indicate it at the end of this section and leave it open for a later date.

Find answer to the following questions:

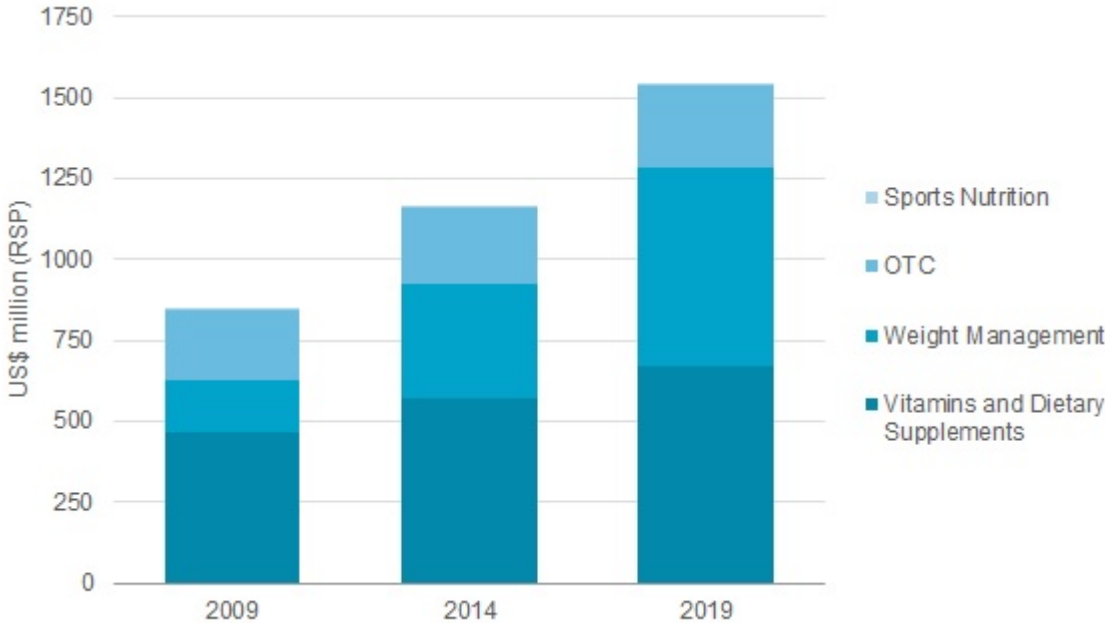
- What is the target market like?
- Who are the clients on the target markets?
  - End customers
  - Distributors
- Buyer profile
  - Purchasing power of a customer
- Economic factors
- Is the product seasonal?
- Regulatory challenges
  - Impact of the European Union

**MARKET ENTRY ANALYSIS (MALAYSIA)**

**LITERATURE ABOUT MARKET SITUATION ON PHARMACEUTICALS AND HEALTH SUPPORTING PRODUCTS**

“While many of the basic remedies used by the Malaysia populace are obtained through reimbursed channels, Malaysians are legally able to purchase a wide array of OTC remedies in modern retailing channels like drugstore/parapharmacy chains like Watsons (Hutchison Whampoa) and hypermarkets like Tesco. However, a recent tax law change may negatively affect OTC sales moving forward. In April 2015, the Malaysian Government implemented a national sales tax of 6% on nearly all goods and services. While some food staples and basic remedies (including acetaminophen) are exempt, other consumer health categories – including many of the constituent products of mainstays like cough, cold and allergy (hay fever) remedies and digestive remedies – will be affected. This uneven application of the tax could lead to consumer confusion and may skew buying behaviour in the long-term, potentially even incentivising consumers – particularly those with private health insurance – to seek out reimbursed products more often. While some producers have tried to steer against the new tax with multipack deals, the OTC category, which is already relatively small compared to the total consumer health industry at just US\$236 million (rsp) in 2014, is nevertheless expected to grow much slower than overall consumer health, posting an annual growth rate of less than 2% through 2019.” (2015, Chris Schmidtl Senior Analyst - Consumer Health)

Therefore, since OTC medicines are taxed, and registering might prove to me more difficult, and alternative approach should be adopted for entering the market.



Source: Euromonitor International

If enough resources are present, a market research can go into more specific. For example, for Herbal/traditional products which target heart health, a table is presented below which showcases the capacity of the market.



## Heart Health Dietary Supplements

Euromonitor report for heart health dietary supplements includes various statistics that is presented below. The global market for heart health dietary supplements in the developed world is presented in the following table (for countries the data is available).

**Table 3.** Heart health dietary supplements market (in million euro) by country 2009-2014

	2009	2010	2011	2012	2013	2014
USA	1352,67	1759,80	1996,71	2021,71	2320,96	2439,23
Canada	157,64	161,20	196,64	202,06	238,58	233,23
Sweden	79,79	82,18	95,75	110,12	123,90	130,52
United Kingdom	92,67	85,83	92,73	97,01	108,59	105,84
Finland	68,50	70,99	74,83	78,30	81,10	84,22
Norway	62,55	64,76	70,62	72,78	73,65	73,87
Italy	68,31	69,44	71,76	71,67	69,73	70,20
Germany	61,36	69,93	70,06	69,40	67,05	66,48
South Korea	30,75	31,79	42,62	47,72	48,63	44,21
Taiwan	31,46	33,17	37,33	40,86	46,29	46,96
Australia	10,44	14,35	21,79	31,78	42,12	48,14
Spain	23,65	23,55	23,92	23,91	23,58	24,01
Belgium	20,54	21,20	21,38	21,13	21,87	22,26
Israel	12,11	12,51	13,91	13,83	14,35	15,41
Czech Republic	11,83	11,26	11,91	12,58	12,84	12,98
Switzerland	8,52	9,29	10,35	11,90	12,38	12,36
<b>Singapore</b>	<b>7,77</b>	<b>8,45</b>	<b>10,09</b>	<b>10,94</b>	<b>12,12</b>	<b>12,28</b>
Netherlands	11,72	9,95	9,64	10,27	10,96	12,02
Hong Kong, China	6,78	7,43	8,23	8,97	10,93	11,50
Austria	9,79	9,96	10,02	10,24	10,46	10,74
New Zealand	3,84	4,23	5,50	6,22	7,31	7,50
Denmark	7,26	7,15	7,22	7,23	6,56	6,46
Greece	3,97	3,05	2,56	2,17	2,82	3,08
Ireland	1,75	1,81	1,87	1,92	2,02	2,07
Estonia	1,50	1,31	1,29	1,33	1,39	0,00
Latvia	1,31	1,21	1,19	1,27	1,37	0,00

Slovakia	0,33	0,34	0,35	0,37	0,38	0,40
Slovenia	0,20	0,21	0,22	0,23	0,24	0,00

Sum up your market with bullet points by indicating your strengths and other notes that might give you a competitive edge. Here is an example of probiotic market

#### Probiotic market

- There are a lot of the probiotic bacteria and dietary supplements on the market but no more than 10% of products that claim to be probiotic have been proven in human trials. Since BioCC's bacteria have scientifically substantiated (through human clinical trials) unique functional properties this competitive edge will be actively integrated in to marketing activities.
- Most of the probiotic strains on the market are non-patented and therefore commercially available to everybody. Since BioCC gives/issues exclusive rights to use its bacteria (patents), know-how and bacteria's registered trademarks, BioCC's licensees have another advantage over competitors in the marketplace.
- BioCC's competitiveness is enhanced by complementary services provided by BioCC to licensees. BioCC possesses infrastructure and knowledge for production of lyophilized strains. Consumer awareness on healthy (bacteria-enriched) is growing fast and consumption habits are shifting towards healthy products so there is good potential for market uptake of new healthy products;
- Major companies own their own strains of bacteria so getting health claims from EFSA is one of the key success factors while selling licenses to larger companies (in Europe);
- There are very few companies operating with a similar product/service offering as BioCC (covering R&D and analysis services for the whole food chain) so emphasis should be put on that while doing marketing activities.

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## MARKET ENTRY ANALYSIS (SINGAPORE)

Note that The European Union and Singapore have recently finished negotiating a Free Trade Agreement and an Investment Protection Agreement.

As written on the website: <http://ec.europa.eu/trade/policy/in-focus/eu-singapore-agreement/>

"The agreements aim to:

- remove nearly all customs duties and get rid of overlapping bureaucracy
- improve trade for goods like electronics, food products and pharmaceuticals
- stimulate green growth, remove trade obstacles for green tech and create opportunities for environmental services
- encourage EU companies to invest more in Singapore, and Singaporean companies to invest more in the EU."

## LITERATURE ABOUT MARKET SITUATION ON PHARMACEUTICALS AND HEALTH SUPPORTING PRODUCTS

### FOR EXAMPLE

#### HEADLINES

- In 2017, herbal/traditional products records 3% current value growth, reaching SGD311 million
- Increased preference for naturally healthy products supports growth of herbal/traditional products
- Herbal/traditional topical analgesics posts the strong current value growth of 5%
- Cerebos Pacific leads the category with a 14% value share in 2017
- Herbal/traditional products is predicted to record a value CAGR of 2% at constant 2017 prices, reaching SGD342 million in 2022

#### PROSPECTS

##### **Herbal/traditional products will continue to record stable growth**

Herbal/traditional products is expected to register stable growth in Singapore over the forecast period. With growing health concerns among Singaporeans, consumers are likely to display a stronger preference for herbal/traditional products, which they perceive to be more natural and fewer side-effects.

##### **Demand for naturalness drives demand for herbal/traditional products**

Herbal/traditional sleep aids is expected to be one of the categories to experience strong growth, as many consumers are concerned over long-term consumption of standard sleep aids that could pose health problems linked to negative side-effects. Demand will also be supported by the wide availability of herbal/traditional sleep aids, with melatonin as the most common ingredient. This includes 21st Century Melatonin, GNC Melatonin 3 and Guardian Melatonin 3mg.

#### COMPETITIVE LANDSCAPE

##### **Cerebos Pacific remains leading player**

Herbal/traditional products is a fragmented category, with only one player, Cerebos Pacific, commanding a double-digit value share in 2017. The company's leading position can be attributed to its popular product Brand's, with its Essence of Chicken as the signature product. This is highly demanded among students and working adults due to its positioning to enhance cognitive performance and boost mental alertness. Furthermore, consumers are now able to purchase individual bottles of Essence of Chicken, which comes in both warm and chilled bottles, at selected convenience stores. This is set to encourage consumers to make more spontaneous purchases and allows the company to further boost sales.

##### **New product development to spur growth**

In response to the growing demand for herbal/traditional products, manufacturers were also active in terms of new product development in 2017. For instance, Ricola Asia Pacific released Ricola Natural Relief that comes in three different flavours - Extra Menthol, Cherry and Honey Lemon. The range is positioned to soothe coughs, irritated throats and colds. With a wider product variety, the company

witnessed positive sales growth in 2017, maintaining its second position in herbal/traditional products.



#### 4. POTENTIAL MARKET SELECTION

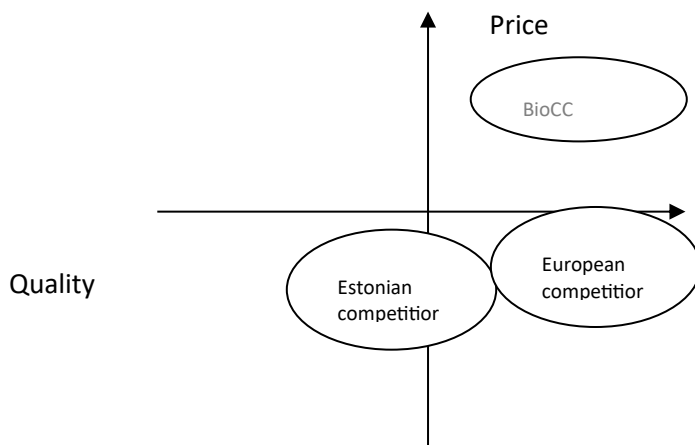
The goal of this section is to compare the current market position with the potential export market position and decide which strategies can be implemented in the export market and which can be abandoned.

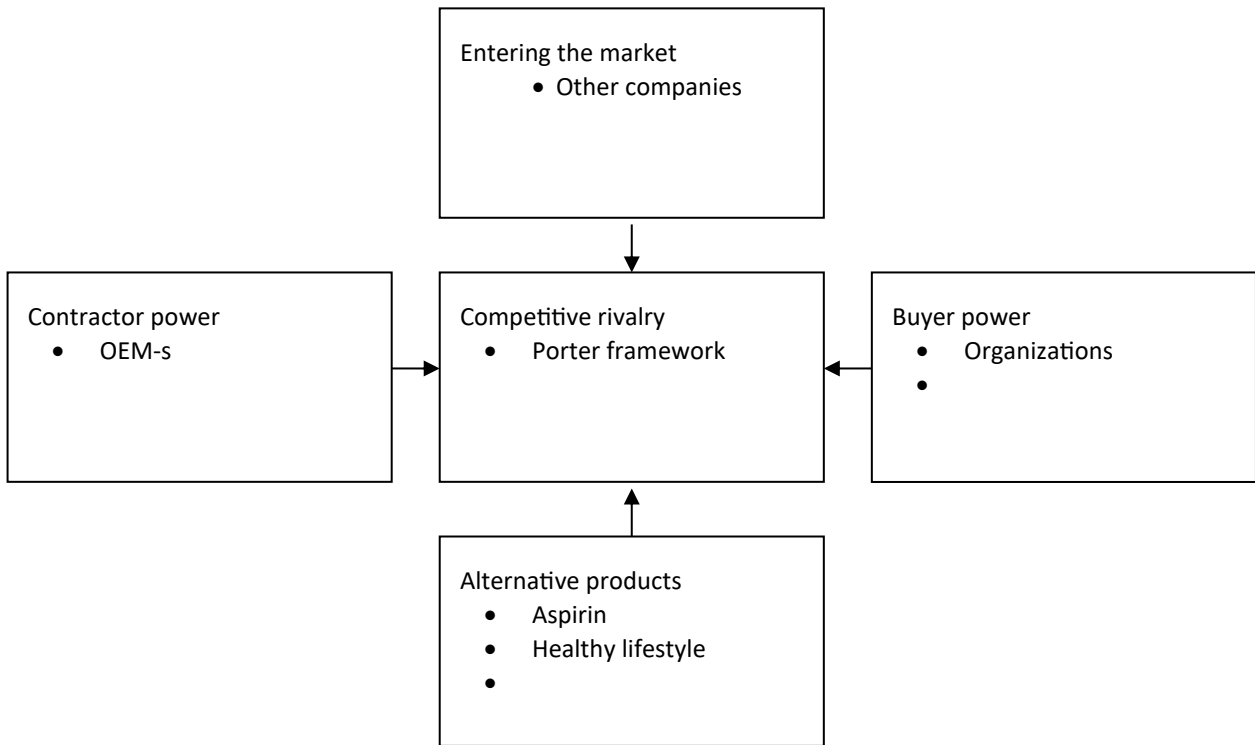
#### CURRENT MARKETS

Table. Current markets.

Market	Products	Revenue 2016	Revenue 2017	Estimated revenue 2018	Estimated Revenue 2019	Estimated revenue 2020
Estonia						
Latvia						

Graph BioCC LLC position in the internal market






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## MARKET AND COMPETITION

### MARKET TRENDS, DEMAND AND GROWTH

Export and import quantities

Market attractiveness

Market capacity growth potential

- Growing, stable or declining?

Market trends

How many people could potentially buy your product?

How much is spent on your product group in one year?

Long term perspective

Market segmentation

## DISTRIBUTION CHANNELS

Which distribution channels are used to get to the target group? Why are specific channels chosen?

- Direct sales?
- Sales through an agent?
- Local headquarters?
- Other?

How is it possible to get to a client? How can you convince a client to buy? Should you start from the capitals?

Table. Assessment of distribution channels

Distribution channel	Description	Pros	Cons
Pharmacy	OTC	Trustworthy channel •	Limited reach, hard to brand
Doctors	Doctors prescribing as medicines	Direct recommendations	No testimonials yet, limited reach
Retailers	On the shelf products	Easy to enter, anyone can buy	Not trustworthy as probiotics Unable to use as capsules

Pick the best option and think of future prospects

## PRICE RANGE

Graph. Current pricing strategy

		Price		
		High	Medium	Small
Quality	High	1. Premium strategy	2. High-value strategy	3. Super-value strategy
	Medium	4. Overcharging strategy	5. Medium-value strategy	6. Good-value strategy
	Low	7. Rip-off strategy	8. False economy strategy	9. Economy strategy

Move the red circle to indicate which strategy suits your product the best and explain why you picked this strategy.

---

## COMPETITION ANALYSIS

Practical: Competitors can be found from expos, from yearly reports, from local trade unions, analysing stores etc.

GO more specific than in the general market analysis above.

Answer the following questions:

- Who are the biggest competitors?
  - Their strengths and weaknesses
  - Technological level
  - Prices
  - Revenue
  - Financial indicator
  - Production capacities
  - Main distributors
  - Main suppliers
  - Main marketing channels
- What is the competitors unique selling point?
- Is cooperation with competitors on some fields possible?
- What can be learned from the competitors?
- Is our company competitive?
- What is the possible reaction of competitors?



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## MAIN COMPETITORS IN THE FOREIGN MARKET

.Table. Main competitors in the foreign market

Company name	Product	Main partners
		Which supply chains do they use? Which stores are they present at?

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## PARTNERS

Media outlets

Cooperation networks

Conventions

## 5. GENERAL INFORMATION ABOUT THE COMPANY

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### 1.1 ABOUT

#### HISTORY AND BACKGROUND

Provide a short summary of the company, its history, the story of the foundation and the main idea behind the company

---

#### OWNERS AND COMPANY STRUCTURE

Explain the role of export managers, marketing managers and the consensus of the board, also highlight their experience

Additionally, mention current export activities (if any).

---

#### OVERVIEW OF MARKET SELECTION

Briefly explain why the company has selected South-East Asian markets based on the conclusions and interests from the market analysis above.

Explain which products will be selected for export, why that product might be successful, how the product should be marketed and what will be the goals of the company in the coming years in terms of export.

---

## VISION, MISSION, FOCUS

### Vision

### Mission

### Focus

### Specific goals

For example:

The most important specific goals are:

- Earn €1'000'700 of operating profit on own products and services by the year 2022;
- Develop IP and protect 5 new patent families and 44 new patents by the year 2022;
- Develop 3 dietary supplements and release them to the market in cooperation with an international pharmaceutical company;
- Find customers and partners from 15 countries;
- Initiate and participate in R&D projects (incl. Horizon 2020)
- Independently and together with development partners introduce new products to the market;
- Strengthen the link between academia and industries by closely working together with companies and applying master and PhD students in cooperation projects;
- Get quality management certification by the year 2019st;

## 6. PRODUCTS AND SERVICES TO EXPORT

### PRODUCTS

Indicate clearly the products intended for export, the trademarks, the patents and the certificates required for another market.

Table 1, Main products for export

Product Group	Description	Certificates/Patents

Table 2. Detailed description of the products.

Name	Properties (quality, packaging, labels)
Name intended for target market	Highlight the market advantage and the use cases of the product.

Describe in further detail the design, packaging, warranty, price, guides, after-sale service, shipment specifics, size of shipments, logistics. Add product pictures and testimonials from existing customers as it builds credibility.

Is additional research and development necessary?

For example:

The aim is to export *L. plantarum* strains TENSIA® and INDUCIA® under Nordwise® brand. They are dietary supplements targeted to support cardio-vascular health through blood pressure reduction and reduction of oxidative stress and low-grade inflammation.

Both strains are currently available in lyophilised form (powder). The strain *L. plantarum* strains TENSIA® in lyophilised form is in the market, already utilized in one recognized food product (Südamejuust Harmony by E-Piim) already on the market and few more licensing deals about to be signed. Now the strain will be used to make additional products in the dietary supplements category.

Dietary supplements targeted for maintenance of cardio-vascular health (e.g. lowering blood pressure, maintaining blood lipid levels) are developed using the *Lactobacillus plantarum* TENSIA® (DSM 21380) - a probiotic with multifunctional properties and a hypocholesterolaemic dietary supplement helping also reduce oxidative stress are developed from *L. plantarum* INDUCIA®.

To complete the product portfolio, a third product is currently in development for *Clostridium-difficile* prevention.

***Clostridium difficile* colitis** is a cause of infectious diarrhoea due to a type of spore-forming bacteria. It is caused by an infection by the *C. difficile*. Primary risk factors are exposure to antibiotics, exposure to a healthcare environment, and acid-suppressing medications.

The dietary supplements in development will have the effect on decreasing the effects of *Clostridium difficile* and would be used together with antibiotics, the main cause of the symptom.

The supplement will be based on the *Lactobacillus plantarum* Inducia®



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## PRODUCTION CAPACITY

Describe if there are any limits to the production quantities or if the price changes with higher/lower production.

Also describe how an increase in production might lead to more expensive transport and consider the opportunities of producing at an export market.

Table. Production capacity.

Product	Maximum number of units that can be produced in a month	Real value of the maximum production

---

## RAW MATERIAL

Table. Materials used in production

Material	Distributor	Quality requirements
Capsules and blister pack		
Packaging		
Lyophilized probiotics		

Highlight any materials that might not be available or accepted in the target market.

---

## PRICE RANGE

Table.

Product	Pricerange in Estonia	Price range in target market
Nordwise® Heart Friendly® Tensia® (20 capsules)	12-15€	12-14€
Nordwise® Heart Friendly® Inducia® (15 capsules)	12-15€	12-14€

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Explain the reason for the pricing and compare it to competitors.

Price has been adjusted to be more suitable for price-sensitive customers. Old product had 30 capsules and higher price yet based on feedback from the pharmacies, the product was redesigned to have 20 capsules and lower price instead.

Product is priced competitively, somewhat higher than more generic brands since the product has more specific features.

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## SCALABILITY

Describe the

- Current production
- Potential production (without export)
- Potential production (with export)
- Planned production

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## RESEARCH & DEVELOPMENT

Describe the research and development that will be carried out in the next 5 years. Highlight key scientific discoveries about the product. (if any) and indicate how many people are working actively on the research.

SEA countries value companies that can both market and research at the same time.

---

## PRODUCT LIFE CYCLE

What is the shelf life of the product? Is it recyclable? Are there any recycling programs to join?

Be aware that South-East Asian markets have warmer than average storage temperatures and "room temperature" does not match standard 22 degrees Celsius defined in Europe.

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## QUALITY STANDARDS

Although most quality standards are international, it must be considered that since SEA countries are a mix of different ethnic groups, the best approach is to assess the adaptation of as many certifications as possible. Find the most common certifications related to the field of DSD-s below.

Table.

Quality standard code	Description/number of the certificate	Approved? Date or expected date?
ISO 9001		
ISO 14001		
ISO 17025		
HACCP		
Halal		Not planned as product is vegan
GLP		
Clean room standard		
GMP		

---

## QUALIFICATION OF EXPORT RELATED EMPLOYEES

Who are the people responsible for export? What is their experience in terms of export? Is the current staff enough for executing the export plan or is there a need for more employees?

What would be the salary and the qualification required for new employees?

Table. Export related employee qualification

Department	Position	Special skills	Number
Board			
Product development			
Marketing			

## CUSTOMER SEGMENTATION

Describe who are the potential customers and why have you chosen them?

Potential clients: customer segmentation, needs and demands for customers.

Customer expectations: stability, experience, portfolio, marketing strategies, marketing demand.

Table. Customer segmentation on the market

Customer type	Customer profile and needs	Market potential
Diseased		
The elderly		

## CLIENT NEEDS NOW AND ANTICIPATING THEM IN THE FUTURE

Client needs	Company A	Company B	Our company
Price	14	8	10
Quality	Very good	Average	Good
Shipping (in days)	10	25	50
Customizing orders	Yes	No	Yes
Amount of active ingredient	10 billion CFU	5 billion CFU	5 billion CFU
Shelf life	2 years	2 years	1 year
Form	Ready to use powder	Capsule	Capsule
Certificates	All	All	Missing some



From the experience of Estonian and Latvian pharmaceutical companies the following observations were made:

- Harder to enter the market as a food supplement
- Easier to register as food (in powdered form)
- Room temperature in Europe is not room temperature in Asia.

In this table try to anticipate client needs in the future. The table has been prefilled with analysis for a probiotic health supplement.

Product	Client needs	Measurable value	Needs now and needs in the next 5 years
Probiotic supplement for heart health	Easy to administer	6 seconds	Expected to have a pleasant taste
	Capsules should not fall on the floor upon opening	5% fall	2% fall, better shape of packaging
	Product should be free from artificial additives	5% of capacity are artificial additives	0% artificial ingredients, 100% Halal
	Natural and clean taste	Tasteless	New tastes
	Price	15 euros	10 euros
	Organic ingredients	10% of people look for organic ingredients	30% of customers look for organic ingredients

## 7. MARKET ENTRY AND LOCAL REGULATIONS

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### MARKET ENTRY AND LOCAL REGULATIONS

This section is important for starting business on export markets and should be paid close attention to. Describe what you know about following topics of the export market:

Contact a mentor if you are not sure.

#### Political environment

- o Laws
- o Licenses
- o Taxes
- o Sales licenses
- o Import licenses

#### Regulatory

- o Steps to register a product
- o Necessity of registering a company at an export market
- o Patent validity
- o Trademark validity



## 8. SWOT ANALYSIS

### SWOT ANALYSIS

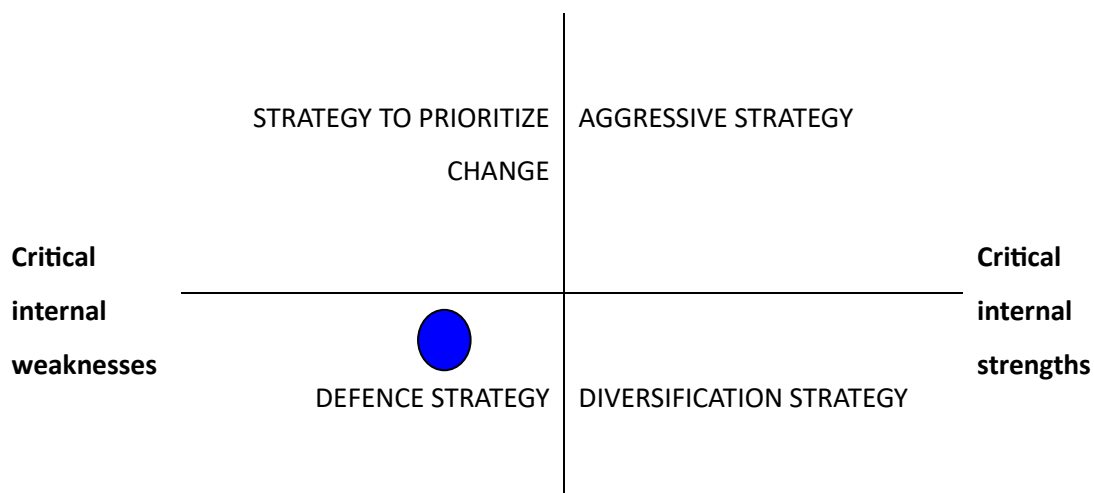
Paste or develop the strengths, weaknesses, opportunities and threats of your company entering the export market. For each section find at least 5 points.

Strengths	Weaknesses
Science, cooperation, patents •	No distributors, no marketers, probiotics, registration •
Opportunities	Threats
Growth through OEM-s, growth through licensing fees, increasing probiotics awareness, science research opportunities •	Similar probiotics, EFSA regulation changes, bad reputation of probiotics, increased cost of research •

### COMPETITIVE STRATEGY

Based on the SWOT analysis above place the blue circle

**Big opportunities in business environment**



## Big environmental risks

Describe how your company can keep their competitive edge and how to get better than the competition.



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## 9. MARKETING STRATEGY

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### MARKETING GOALS

Describe your sales goals and the risks associated with them

How long should you set the goals for?

Marketing by customer type/products/regions

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### SALES TARGETS BASED ON MARKETS AND LOCAL REGIONS

Show the planned Revenue/Expenses/Profits

Compare it to existing data from current market.

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### MARKETING-MIX

Marketing-mix consists of 4 P-s:

- Product,
- Price
- Place
- Promotion

At each section, in a few sentences describe how your companies product suits the category.

### PRODUCT STRATEGY (*PRODUCT / CUSTOMER VALUE*)

- Satisfying customer needs
- Quality
- Design
- Healing properties
- Health claims
- Brand

- Packaging
- Service
- Coaching

## PRICING STRATEGY (PRICE / COST TO CUSTOMER)

Pricing strategy – from unit price to sales price, comparison to competitor prices, discount principles, payment conditions, shipping targets.

- Actual price
- Export price
- Seller price
- Discount policy
- Agent fees
- Licensing fees
- Service fees
- (Marketing fees)

Move the highlighted red oval to a place which your product best describes.

Table. Pricing strategy

		Price		
		High	Medium	Low
Quality	High	1. Premium strategy	2. High-value strategy	3. Super-value strategy
	Medium	4. Overcharging strategy	5. Medium-value strategy	6. Good-value strategy
	Low	7. Rip-off strategy	8. False economy strategy	9. Economy strategy

## MARKETING STRATEGY (*PLACE / CONVENIENCE TO BUYER*)

- Distribution channels
  - Pros and cons
- Distribution chain
- Storage
- Shipping speed
- Direct sales
- Payment conditions

## PROMOTION STRATEGY (*PROMOTION / COMMUNICATION*)

- Advertising
- Brochures, catalogues
- Expos, trade shows
- Sponsorships
- Local sales team
- Agents handling distribution



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## 10. RISK ANALYSIS

- Below is a table to assess all the risk a company can face entering an export market. List also the following risks
- Political risks
- War, riots, corruption, economic sanctions etc
- Economic risks
- Currency volatility, transport, suppliers, work force, prices, taxes etc.
- Environmental risks
- Natural disasters, environmental regulation, safety regulations
- Competitor reaction to a new market player
- Possible discounts
- Customer credit

Factor	Possible effect	Effect on company	Precautionary measure
Competitors will start to research same things	No more competitive edge	Reduced earning, loss of reputation, harder to market	Patenting of strains and strict control over confidential information
Key researchers bought by competing companies	Delayed research, brain drain	Loss of reputation, research will take longer, need to coach new researchers	Long term contracts, offering competitive salary, motivational packages
Partners incompetence to introduce the product to a new market	Marketing goals are not met	Loss of revenue, loss of investments, harder to re-enter market	Comprehensive research about the potential partner, specific goals
Failure to attract investors for the final round of product launch			



## 11.FINANCIAL PROGNOSIS

- Sales prognosis
- Profit and cash flow prognosis
- Investment analysis
- Funding effects
- Calculating export activity ROI time.



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## 12.EXPORT EXECUTION PLAN

Write about 1-2 pages answering the following questions

- What are the first activities being done to start exporting?
- What methods are being used?
- What are the expected results of those activities?
- Who will be responsible for export activities?
- What is the goal of the proposed activities?
- Why are those activities planned?
- Why will they be executed?
- What are *Key Performance Indicators* of the project?
- Who is mentoring the plan and who is responsible?
- Is the board approval required for all the activities?
- How often is the progress assessed?

### 13.ANEX 1 - ACTION PLAN

<b>Activity</b>	<b>Period</b>	<b>Person responsible</b>	<b>Time require (h)</b>	<b>Dates of execution</b>	<b>Budget (EUR)</b>	<b>Necessary funding (EUR)</b>