WHY ASEAN WHY NOW:
OPPORTUNITIES FOR COMPLEMENTARY HEALTH IN ASEAN
27 April 2017
HOW TO ASK QUESTIONS

1. Select questions function

2. Type your question here

3. Press ‘Send’
WELCOME AND INTRODUCTION

ELODIE JOURNET
SENIOR TRADE AND INVESTMENT COMMISSIONER
PHILIPPINES AND MICRONESIA
<table>
<thead>
<tr>
<th>AGENDA</th>
<th>ASEAN: A GROWING REGION</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Philippines</td>
</tr>
<tr>
<td></td>
<td>Indonesia</td>
</tr>
<tr>
<td></td>
<td>Malaysia</td>
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<tr>
<td></td>
<td>Thailand</td>
</tr>
<tr>
<td></td>
<td>Vietnam</td>
</tr>
<tr>
<td></td>
<td>Moving forward: Austrade and key contacts</td>
</tr>
</tbody>
</table>
ASEAN: A GROWING REGION

ASEAN ECONOMY

ASEAN GDP 2007-2014:
- 2007: US$1.33 trillion
- 2014: US$2.57 trillion
- 76% increase in GDP per capita

ASEAN GDP in 2014 almost doubled to over US$2.57 trillion

ASEAN POPULATION

3rd largest in the world in 2014:
- China: 1.367 billion
- India: 1.259 billion
- ASEAN: 622 million
- EU: 504 million
- US: 319 million

In 2014, ASEAN economy was:
- 3rd largest in Asia
- 7th largest in the world

More than 50% of ASEAN’s population is under 30 years old (compared to 39% of East Asia’s and 34% of Europe’s)

Source: ASEAN Statistics and International Monetary Fund

GDP COMPARISONS

ASEAN's GDP compared to major economies.
BEHAVIOUR SHIFT TOWARDS
HEALTHY LIVING AND PREMIUM PRODUCTS
The growing ASEAN retail market is underpinned by optimistic consumers and increasing demand.
THE ASEAN EXPORT MARKET IS OF SIMILAR SCALE TO JAPAN

Top 10 goods and services export markets by value, 2015-16

<table>
<thead>
<tr>
<th>Market</th>
<th>2015-16</th>
<th>Rank</th>
<th>% share of total</th>
<th>% growth 2014-15 to 2015-16</th>
<th>% growth 5 year trend</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>85.9</td>
<td>1</td>
<td>27.5</td>
<td>2.0</td>
<td>3.9</td>
</tr>
<tr>
<td>Japan</td>
<td>38.0</td>
<td>2</td>
<td>12.2</td>
<td>-18.3</td>
<td>-4.6</td>
</tr>
<tr>
<td>ASEAN</td>
<td>36.4</td>
<td>-</td>
<td>11.7</td>
<td>-9.9</td>
<td>3.2</td>
</tr>
<tr>
<td>EU</td>
<td>26.7</td>
<td>-</td>
<td>8.5</td>
<td>18.0</td>
<td>-2.1</td>
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<tr>
<td>United States</td>
<td>21.9</td>
<td>3</td>
<td>7.0</td>
<td>6.8</td>
<td>9.4</td>
</tr>
<tr>
<td>Republic of Korea</td>
<td>19.7</td>
<td>4</td>
<td>6.3</td>
<td>-3.4</td>
<td>-4.1</td>
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<tr>
<td>India</td>
<td>12.8</td>
<td>5</td>
<td>4.1</td>
<td>2.3</td>
<td>-7.5</td>
</tr>
<tr>
<td>New Zealand</td>
<td>12.8</td>
<td>6</td>
<td>4.1</td>
<td>4.1</td>
<td>3.3</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>12.1</td>
<td>7</td>
<td>3.9</td>
<td>41.1</td>
<td>-1.5</td>
</tr>
<tr>
<td>Hong Kong (SAR of China)</td>
<td>11.3</td>
<td>8</td>
<td>3.6</td>
<td>0.2</td>
<td>17.8</td>
</tr>
</tbody>
</table>

Source: DFAT
AANZFTA was signed in 2009 and entered into force in 2010.

AANZFTA currently is the largest FTA Australia has in force and the most comprehensive FTA concluded within ASEAN.

Approximately 20,000 export shipments from Australia to other AANZFTA parties used the agreement in both 2013 and 2014.

Value of import clearances from other parties using AANZFTA has risen from $1.2 billion in 2010 to $5.3 billion in 2014.
COMPLEMENTARY HEALTH IN THE PHILIPPINES

TINA SENDIN
BUSINESS DEVELOPMENT MANAGER
2016 economic growth fastest in three years

Top 10 Major Causes of Death

1. Coronary heart disease
2. Stroke
3. Influenza and pneumonia
4. Diabetes
5. Tuberculosis
6. Hypertension
7. Lung disease
8. Kidney disease
9. Breast cancer
10. Asthma
MARKET DEMAND: PHILIPPINES

Fish oils/omega fatty acids and co-enzyme Q10 most dynamic growth

Imported premium brands for the middle class up

Top players:
- UHS Essential Health Philippines Inc (USANA)
- Pfizer Philippines Inc
- Boehringer Ingelheim (Phils) Inc

Australian brands/organisations:
- Concept Laboratories
- Pharmacare
- SFI Asia Pacific
- Baxter Laboratories
- SkinB5
- Hamilton
- Redwin

<table>
<thead>
<tr>
<th>Table 3</th>
<th>Sales of Dietary Supplements by Positioning</th>
<th>% Value 2011-2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beauty</td>
<td></td>
<td>32.9</td>
</tr>
<tr>
<td>Bone</td>
<td></td>
<td>17.0</td>
</tr>
<tr>
<td>Digestive</td>
<td></td>
<td>3.3</td>
</tr>
<tr>
<td>General Health</td>
<td></td>
<td>38.6</td>
</tr>
<tr>
<td>Heart Health</td>
<td></td>
<td>2.6</td>
</tr>
<tr>
<td>Joint</td>
<td></td>
<td>0.3</td>
</tr>
<tr>
<td>Memory Health</td>
<td></td>
<td>2.2</td>
</tr>
<tr>
<td>Other Dietary Supplement Positioning</td>
<td></td>
<td>3.1</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>100.0</td>
</tr>
</tbody>
</table>

Sources: Euromonitor – Vitamins and Dietary Supplements in the Philippines, October 2016
Euromonitor – Consumer Health in the Philippines, October 2016
MARKET ENTRY: PHILIPPINES

PATHWAYS AND RETAIL CHANNELS

Besides branded products, opportunities for Australian companies include OEM production.
Philippines Food and Drug Administration (FDA)  
www.fda.gov.ph

Timeline:  
LTO – 1 month  
CPR – 3 months  

Validity:  
Option for 2 or 5 years for initial  
5 years for renewal

Need for scientific data and clinical trials, further processing time to get rid of “No Approved Therapeutic Claims” label

Registration fee:  
AUD 30 per year + 1%  
Legal Research Fund (LRF)

Source: Philippines Food and Drug Administration
KEY OPPORTUNITIES AND CHALLENGES

CHALLENGES

• Logistics – PH is an archipelago
• Natural and organic terms used loosely
• Force majeure
• Highly competitive, limited retailers
• Heavy American influence

OPPORTUNITIES

• Heavy American influence
  › 90% of the population speak English – no relabelling required
  › Looking for something new
• Regulations are quite open
• Proximity to Australia
• Public consciousness of health & well-being
• Retail expansion
OPPORTUNITIES: PRODUCT CATEGORIES IN DEMAND

Complementary Health in ASEAN
• Know your competitive advantage
• Partner with local distributor / retailer
  ▪ Network of retailers and experience
  ▪ Marketing and promotions
  ▪ Influencers
• Company commitment – exporting takes time and money
  ▪ Marketing and promotions
  ▪ Do your research; investigate market entry options and strategies
  ▪ Do you have capacity?
  ▪ Travel to market
• Blister packs/small packaging
• Solid pricing strategy
• Be able to compete with international competitors, especially US brands
UPCOMING EVENT

Business match-making with key retailers and distributors from all over the Philippines
http://www.philbeautyshow.com/
COMPLEMENTARY HEALTH IN INDONESIA

FERANICA SUSANTO
BUSINESS DEVELOPMENT MANAGER
OVERVIEW: CONSUMER HEALTH IN INDONESIA

INSIGHTS

- Indonesia projected to be world’s 7th largest economy by 2030
- Indonesia’s ‘consuming’ class numbers 45 million and is forecast to increase to 135 million by 2030
- >50% Population under age of 30
- Indonesian consumers in urban areas lead unhealthy lifestyles
- Non-communicable diseases will rise by 28% between 2015-2030, led by stroke, heart disease, and diabetes

Source: Asia Link, World atlas, BMI; McKinsey
OVERVIEW: CONSUMER HEALTH IN INDONESIA

Insights

• Vitamin and Dietary Supplement current value sales increased by 9% in 2016
• Most dietary supplements for general health

Table 3: Sales of Dietary Supplements by Positioning: % Value 2011-2016

<table>
<thead>
<tr>
<th>% retail value rsp</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beauty</td>
<td>8.5</td>
<td>9.0</td>
<td>9.5</td>
<td>10.0</td>
<td>10.5</td>
<td>11.0</td>
</tr>
<tr>
<td>Bone</td>
<td>14.5</td>
<td>14.7</td>
<td>14.9</td>
<td>15.1</td>
<td>15.3</td>
<td>15.5</td>
</tr>
<tr>
<td>Digestive</td>
<td>0.5</td>
<td>0.5</td>
<td>0.4</td>
<td>0.4</td>
<td>0.4</td>
<td>0.4</td>
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<tr>
<td>General Health</td>
<td>20.5</td>
<td>20.0</td>
<td>19.5</td>
<td>19.0</td>
<td>18.5</td>
<td>18.0</td>
</tr>
<tr>
<td>Heart Health</td>
<td>8.0</td>
<td>8.5</td>
<td>9.0</td>
<td>9.5</td>
<td>10.0</td>
<td>10.5</td>
</tr>
<tr>
<td>Immune System</td>
<td>7.5</td>
<td>7.2</td>
<td>7.0</td>
<td>6.8</td>
<td>6.5</td>
<td>6.0</td>
</tr>
<tr>
<td>Joint</td>
<td>0.2</td>
<td>0.2</td>
<td>0.2</td>
<td>0.2</td>
<td>0.2</td>
<td>0.2</td>
</tr>
<tr>
<td>Memory Health</td>
<td>4.0</td>
<td>3.8</td>
<td>3.5</td>
<td>3.2</td>
<td>3.1</td>
<td>3.0</td>
</tr>
<tr>
<td>Mood/Relaxing</td>
<td>0.2</td>
<td>0.2</td>
<td>0.2</td>
<td>0.2</td>
<td>0.2</td>
<td>0.2</td>
</tr>
<tr>
<td>Sexual Health</td>
<td>14.5</td>
<td>15.0</td>
<td>15.5</td>
<td>16.0</td>
<td>16.5</td>
<td>17.0</td>
</tr>
<tr>
<td>Other Dietary</td>
<td>21.6</td>
<td>20.9</td>
<td>20.3</td>
<td>19.6</td>
<td>18.8</td>
<td>18.3</td>
</tr>
<tr>
<td>Supplement Positioning</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: Euromonitor – Vitamins and Dietary Supplements in Indonesia, 2016

Australian brands in Indonesia
- Blackmores
- Nature’s Care

Indonesian leading players
- Kalbe Farma
- Tempo Scan Pacific
- Citra Nusa Insan Cemerlang
### Market Demand: Indonesia

**Top 3 Product Categories**

1. Vitamin C
2. Paediatric Health
3. Jamu

**Increasing Demand**
- Vitamin and Dietary Supplements
- Herbal/traditional products

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**Table 9: Forecast Sales of Consumer Health by Category: Value 2016-2021**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>OTC</td>
<td>19,958.1</td>
<td>20,714.6</td>
<td>21,435.1</td>
<td>22,106.4</td>
<td>22,725.1</td>
<td>23,297.6</td>
</tr>
<tr>
<td>Sports Nutrition</td>
<td>495.9</td>
<td>507.4</td>
<td>516.0</td>
<td>521.5</td>
<td>523.8</td>
<td>523.0</td>
</tr>
<tr>
<td>Vitamins and Dietary Supplements</td>
<td>19,401.1</td>
<td>20,113.6</td>
<td>20,728.0</td>
<td>21,230.8</td>
<td>21,614.1</td>
<td>21,871.1</td>
</tr>
<tr>
<td>Weight Management and Wellbeing</td>
<td>3,968.6</td>
<td>4,038.5</td>
<td>4,120.6</td>
<td>4,215.4</td>
<td>4,321.9</td>
<td>4,440.9</td>
</tr>
<tr>
<td>Herbal/Traditional Products</td>
<td>9,563.0</td>
<td>10,096.3</td>
<td>10,579.3</td>
<td>11,036.3</td>
<td>11,452.7</td>
<td>11,814.4</td>
</tr>
<tr>
<td>Allergy Care</td>
<td>3.2</td>
<td>2.7</td>
<td>2.2</td>
<td>1.8</td>
<td>1.4</td>
<td>1.1</td>
</tr>
<tr>
<td>Paediatric Consumer Health</td>
<td>4,670.4</td>
<td>4,928.0</td>
<td>5,159.8</td>
<td>5,359.9</td>
<td>5,523.4</td>
<td>5,646.1</td>
</tr>
<tr>
<td>Consumer Health</td>
<td>43,823.5</td>
<td>45,374.1</td>
<td>46,799.7</td>
<td>48,074.1</td>
<td>49,184.9</td>
<td>50,132.7</td>
</tr>
</tbody>
</table>

*Source: Euromonitor – Consumer Health in Indonesia, 2016*
MARKET ENTRY: INDONESIA

DISTRIBUTION CHANNELS

Channel 1: Local Pharmacies/Chemists (‘Apotek’)

Channel 2: Modern Pharmacy Chains

Channel 3: e-commerce

Channel 4: Hypermarkets / Supermarkets
Learn about Indonesia: People & Business Culture

Regular market visits for potential partnership
- Trade & Networking events
- Australian business missions

Local partner (distributor / importer) is Mandatory

Make a Long Term commitment with your local partner
- Business and social relationship
- Joint-investment on consumer education, promotional and marketing activities
- After sales-service support
- Continuous updates: customer behavior changes, distribution challenges, disruptive technologies
Badan Pengawas Obat dan Makanan Republik Indonesia (BPOM)

Regulatory Body

Timeline: 6-12 months*  
Validity: 5 years

Pre-assessment: IDR 50,000 (AUD 5) per unit (SKU)*  
Assessment: IDR 10,000,000 (AUD 1000) per unit (SKU)*  
Renewal: IDR 5,000,000 (AUD 500) per unit (SKU)*

Registration Cost

Pre-assessment and Assessment rejected  
Additional document requirements from BPOM

Common Issues registration process

Sources: BPOM, Customer insights
### Registration Category

<table>
<thead>
<tr>
<th>New Registration</th>
<th>Variation Registration</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Category 1</strong></td>
<td><strong>Category 4</strong></td>
</tr>
<tr>
<td>Registration of food supplement that contains one or more materials in the form of:</td>
<td>Registration of food supplement that has obtained circulation license with:</td>
</tr>
<tr>
<td>- Vitamin</td>
<td>- Change of product name without change of composition</td>
</tr>
<tr>
<td>- Mineral</td>
<td>- Change or increase of package size</td>
</tr>
<tr>
<td>- Amino acid</td>
<td>- Change of claim in the marking that does not change the benefits</td>
</tr>
<tr>
<td>- Carbohydrate</td>
<td>- Change of package design</td>
</tr>
<tr>
<td>- Protein</td>
<td>- Change of factory name or licenser name without change of ownership status</td>
</tr>
<tr>
<td>- Fat or other materials in the form of isolate</td>
<td>- Change of importer name, without change of ownership status</td>
</tr>
</tbody>
</table>

| Category 2       | Category 5             |
| Registration of food supplement that contains one or more materials in the form of: | Registration of food supplement that has obtained circulation license with: |
| - Vitamin        | - Change of specification and or analysis method of raw materials |
| - Mineral        | - Change of specification and or analysis method of finished product |
| - Amino acid     | - Change of stability |
| - Carbohydrate   | - Change of production technology |
| - Protein        | - Change of production site |
| - Fat            | - Change or increase of package type |
| - Other isolates, and other materials in the form of natural materials | |

| Category 3       | Category 6             |
| Registration of food supplements of categories 1 and 2 with a claim of: | Registration of food supplement that has obtained circulation license with: |
| - New usage      | - Change of formula or composition whose main ingredients are categorized in one group |
| - New preparation form | - Change of additive that does not change the benefits |
| - Posology       |                         |
| - New dosage     |                         |

### Source
Source: BPOM
CHECKLIST FOR FOOD SUPPLEMENT DOCUMENTS

1. Administration Documents
   - GMP
   - CFS / CPP
   - Letter of Authorization
   - Agreement
   - Capsule / Gelatin-related material: origin of the capsules, CoA of the Gelatin, Certificate of BSE/TSE-Free, Signed and sealed letter from the company (only for capsule dosage form) and Halal Certificate.

2. Documents of Quality Assurance
   - Complete formula, in metric count and the amount for 1 batch and 1 capsule
   - Manufacturing method and flow-chart of the processes.
   - Product’s code / lot numbering, along with the description.
   - List of machines and equipments involved in the manufacturing processes.
   - Specification for the packaging, including sterilization method of the primary container and lid.
   - CoA of the raw materials and excipients.
   - Specification and analysis method of each raw materials and excipients.
   - Origin of the raw material, for those that came/from animal, fermentation processes, isolates, enzymatic, amino acids and probiotics.
   - CoA of the finished products, consist of specifications and test results.
   - Analysis/testing method for the finished products, which conform to all the points in the stability data.
   - Protocol and reports of stability data
     - Must be at 40°C
     - Must be at 30°C / 75%, even though if there were any failure occurs, will be reported as is.

BPOM regulation number HK.00.05.41.1381:
- the criteria of food supplements
- the approved ingredients
- the condition of packaging and labelling
  *Labels must be in Bahasa Indonesia*
- the advertising of food supplements

HALAL certification issued by MUI -
(The Indonesian Council of Ulama)

For more info: [www.pom.go.id](http://www.pom.go.id)
KEY OPPORTUNITIES AND CHALLENGES

CHALLENGES

- Jamu/traditional products popular
- Local manufacturers strong presence
- Complex registration process
- High distribution costs
- Price sensitive market

OPPORTUNITIES

INNOVATIVE food supplement products for:
- Stamina & Immunity -
- (Degenerative) prevention -

Middle Class Urbanities
Paediatric
Senior Citizens
• **Herbal & Health Food Indonesia 2017**  
22-25 November, Jakarta  
International Exhibition on Herbal & Health Food, Food Supplement & Pharmaceutical Exhibition

• **Indo Health Expo 2017**  
28-30 November, Jakarta  
The 7th International Exhibition and Conference on Health and Lifestyle, Spa and Wellness, Natural & Organic Products and Services
COMPLEMENTARY HEALTH IN MALAYSIA

NAILA MAZZUCCO
TRADE COMMISSIONER, MALAYSIA
Malaysia’s GDP growth recovers alongside oil prices.

Public and private healthcare expenditure on preventive and primary healthcare.

Consumer confidence is strong and expected to reach an all time high.

Malaysia's health concerns are a reflection of modernisation – dietary habits, high stress and uniquely, road traffic conditions.
Sales of consumer health is steadily increasing in Malaysia.

Top 4 categories are:
- Vitamins and Dietary Supplements
- Herbal and Traditional Products
- Over the Counter Remedies
- Weight Management and Wellbeing

Source: Euromonitor – Consumer Health, Malaysia
Pharmacy chains such as Caring, Alpro and Guardian are fast expanding throughout the country.

Health supplement retailers by direct sales and retail outlets are well established.

Health supplement distributors are some of the largest participants in this market.

Online supplement consolidators, both local and international are fast becoming popular.
• **Cost Sensitive**
  • Although the market is increasingly affluent, it is still a very cost sensitive market and this is one of the major drivers of online as well as overseas discount purchases.

• **Local Partnerships**
  • Malaysian regulations as well as the competitive landscape are rigid and a new entrant into the market is well advised to break into the market by means of a partnership with a local distributor or even manufacturer (to lower costs as well).

• **Brand Positioning**
  • Brand loyalty and recognition are very high on the list in Malaysia. In other words, advertising and promotion with favourable association (Australia is very well regarded in this area in Malaysia) plays well to consumers.
Supplements fall under the Ministry of Health, under Medicines

The following is the official timelines provided by the Ministry of Health, upon receipt of complete application:

- Generics (non-scheduled poison)  80 working days
- Natural Products
  - Single active ingredient  116 working days
  - 2 or more active ingredients  136 working days
- Health Supplements
  - Single active ingredient  116 working days
  - 2 or more active ingredients  136 working days
- Disease Risk Reduction Claims (high claims)  245 working days

Source: National Pharmaceutical Control Bureau, Ministry of Health
MARKET SUCCESSES

• Although slightly lesser well known than Blackmores, Abbot is still considered a reliable and established brand in Malaysia.

• Well known for their customer service and reassurance to buyers.

• Blackmores is a well known supplements brand in Malaysia.

• Although recognised as a more expensive alternative, it is also positioned with ‘quality’ and assurance.

• Blackmores is available on most retail shelves in the country.

• Dalton partnered with a local retailer to distribute their Miraco series of products.

• The local retailer, Hai-O specialises in herbal and natural supplements and remedies.

• This partnership and launch took place in 2016 with significant marketing and media coverage.
UPCOMING EVENTS: MALAYSIA

International Board of Medicine and Surgery (IBMS), Healthcare Conference
MALAYSIA
1st – 3rd May, 2017
https://www.ibms.us/conferences

International Beauty Expo
6th – 9th May, 2017
https://www.ibe.my

Malaysia Consumer Health Conference & Exhibition
5th – 17th September, 2017
http://www.mchce.com.my/

Asean Conference on Health Ageing, 2017
10th – 12th October, 2017
http://www.acha2017.com/
COMPLEMENTARY HEALTH IN THAILAND

ACHARAPORN SUDDHACHITTA

BUSINESS DEVELOPMENT MANAGER
AUSTRADE BANGKOK
OVERVIEW: HEALTHCARE IN THAILAND

Top cause of mortality

- Cancer 19%
- Ischemic Heart Disease 12%
- Stroke 10%
- Lower Respiratory Infections 9%
- HIV 4%
- Chronic Obstructive Pulmonary Disease 4%
- Diabetes 4%
- Road Injuries 4%
- Chronic Kidney Disease 2%
- Cirrhosis 2%

Insights

- Robust consumer health market growth of 7% annually
- Ageing society: 20% of population 65+ by 2030
- Preventive healthcare
- Medical tourism destination
MARKET DEMAND: INSIGHTS

- Medical tourism destination
- Diversification in product variations and consumer preference
- Foreign companies making their mark in consumer health
- Rising trend towards health consciousness among consumers
- Move towards herbal/traditional products to avoid side effects of medicines
- Consumer and lifestyle products that meet Australian country of origin requirements can enter Thailand duty free
MARKET DEMAND: THAILAND

### Sales of Dietary Supplements by Positioning: % Value 2011-2016

<table>
<thead>
<tr>
<th>% retail value rsp</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beauty</td>
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</table>

Source: Euromonitor – Vitamins and Dietary Supplements in Thailand, October 2016

### Top 3 key players
- Amway | Nu Skin | Pfizer
- Products: calcium supplements, protein supplements and fish oils/omega fatty acids
- Blackmores | Musashi

### Australian brands
- Blackmores | Musashi
Health and beauty specialist retailers:

- Chemists/pharmacies – 61%
- Drugstores – 31.5%
- Grocery retailers

Other channels
Direct Sales, On-line Marketing and some products are available in regional chains and independent fitness centers throughout the country.
• Need to partner with local distributor or agent. Exclusivity is preferable
• Marketing and promotions – Social Media is playing a key role
• Packaging of products must be emphasised to attract buyers and increase product value
• Be aware of Thai culture (Smile and Wai) and recognise the cultural and language barriers
• “Yes” don’t always mean “Yes”
• Relationship building is critical
• Be patient with bureaucracy
• Be flexible and accommodating
• Be open for technology transfer
• Use the Thai Board of Investment (www.boi.go.th) for Investment
• Take advantage of:

TAFTA - Thailand- Australia Free Trade Agreement
AANZFTA – ASEAN- Australia-New Zealand Free Trade Agreement

• The Thai Food and Drug Administration (FDA) requires supporting document and references
• Labelling of products need to be in the Thai language
• New Registration Fee to be announced soon
• Validity 3 years
• For more details on rules and regulations, please visit www.fda.moph.go.th
CHALLENGES

- Price Competition
- Competitors’ long presence
- Flexibility
- Finding good local partners

OPPORTUNITIES

- Australia has credibility and aspiration status in Thailand
- Beauty and appearances create demand for specific segment e.g. Coensyme Q10, Glucosamine, Calcium
- Weight Management and sport nutrition
- Trends towards herbal and natural products
ASEAN Beauty 2017 – Southeast Asia’s Premier Beauty Show

*The Health and Wellness Trade Show for Industry Professional*

- 27-29 April 2017
- BITEC, Bangkok, Thailand
COMPLEMENTARY HEALTH IN VIETNAM

MINH CAO
BUSINESS DEVELOPMENT MANAGER
OVERVIEW: HEALTHCARE IN VIETNAM

Top cause of mortality

- Stroke
- Heart disease
- Chronic obstructive pulmonary disease
- Road injury
- Cancer
- Tuberculosis

Increasing demand for health supplements

Not yet a well-established high-end consumer market

Fragmented with a large number of brands including both domestic and imported

The so called ‘grey channel’ (informal arrangements by cabin crew or Vietnamese returned from overseas travel) exists.
### MARKET DEMAND: VIETNAM

#### Sales of Dietary Supplements by Positioning: % Value 2011-2016

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*Source: Euromonitor – Vitamins and Dietary Supplements in Vietnam, October 2016*

#### Top 3 key players

- Amway | Herbalife | Unicity

#### Top 3 product categories

- Anti-aging | Body resistance development | Beauty support

#### Australian brands

- Blackmores: recently appointed a Vietnamese distributor (MESA group) in Apr 2017
- Other brands: Pharmacare, Lanopearl, Homart, Body & Health, Healthy Care
Chemists, pharmacies and drugstores - most popular distribution channel: ~ 60%

Direct selling: ~ 35%
Home shopping (including online & grey channel): 5%

Specialty stores / health specialist shops: GNC, Guardian, Medical

Pharmacy

Supermarket

Online/e-commerce
- Largest is Lazada (owned by Alibaba)

Informal channels / grey market

Online shoppers/buy-and-sell
DOING BUSINESS IN VIETNAM

Need to partner with local distributor or agent –
- Preferably those with national distribution network
- Exclusive distribution is the common practice

Common mistakes in entering market
- Rushed market entry without proper marketing/promotions activities
- Wrong pricing strategy and target customers / distribution networks
- No commitment from local partners

Key success factors
- Distribution network
- Products differentiation
- Branding | Marketing and promotions

Preferred sizes in-market
- Packed in smaller size suitable for 30 – 60 days usage
- Syrup / liquid form is popular
**REGULATION : VIETNAM**

Department of Safety and Food Hygiene – [Vietnam Ministry of Health](#)

Timeline: 4 – 6 weeks  
Validity: 3 years

Functional foods divided into sub categories:
- Supplementation  
- Micronutrient Food  
- Supplemental Food  
- Health Protection Food  
- Medical Nutrition Food

Labeling: all labels are required in Vietnamese

Pricing = Cost + Freight + Import tax + VAT (value added tax 10%) + Customs fees + registration + Commissions

Import Tax in Vietnam: around 20 – 27% - tariff finder

**Sources:** BPOM website, Various Insights & Websites, 2017
For registration, what is needed from supplier:

› Registration is done by local partner

› Required documents – notarisation from Vietnam Embassy is required
  – Letter of authorisation
  – Certificate of Analysis
  – Certificate of Free sale
  – Certificate of Origin
  – Certificate of Quality
  – Ingredients list | safety sheets and sample for testing
CHALLENGES
• Price sensitive market
• Fragmented distribution system
• High mark-up/commissions through intermediaries
• Competition from Japan, Korea
• Grey channel threats
• Low quality and counterfeit products exist

OPPORTUNITIES
• Trends and consumer behaviour
  › Vitamins and supplements for beauty enhancement (skin revitalisation/regeneration, skin brightening, acne treatment/prevention)
  › Pregnancy supports
  › Kids health: gummy, nutrition supplements, cough treatment (spray or syrup form)
  › Heart/liver/lung/brain function supports

• Current market gaps
  › OEM using local herbal ingredients
  › Products with natural ingredients and limited use of chemicals/artificial ingredients
Vietbeauty 23-25 August 2017

http://www.vietbeautyshow.com/
MOVING FORWARD
HOW AUSTRADE MAY ASSIST YOU
An introduction to Austrade
HOW AUSTRADE HELPS “EXPORT-READY” COMPANIES

Assistance in overseas markets

- Market insights
- Advice about market potential and entry options
- Help to grow or expand your business
- Connections with key influencers and decision-makers
- Participation in market initiatives and events
- Financial assistance (Export Market Development Grants)
CONTACT US

PHILIPPINES
Elodie Journet
Senior Trade and Investment Commissioner
Elodie.Journet@austrade.gov.au
D: +63 2 902 5510

AUSTRALIA
Jeanette Williams
Trade Adviser
Jeanette.Williams@austrade.gov.au
D: +61 (3) 9648-3114

PHILIPPINES
Tina Sendin
Business Development Manager
Tina.Sendin@austrade.gov.au
D: +63 2 902 5520

INDONESIA
Feranica Susanto
Business Development Manager
Feranica.Susanto@austrade.gov.au
D: +62 21 2994 5418

MALAYSIA
Naila Mazzucco
Trade Commissioner
Naila.Mazzucco@austrade.gov.au
D: +60 2782 5616

THAILAND
Acharaporn Sudhachitta
Business Development Manager
Acharaporn@austrade.gov.au
D: +662 696 4816

VIETNAM
Minh Cao
Business Development Manager
minh.cao@austrade.gov.au
D: +84 8 3827 0623
HOW TO ASK QUESTIONS:

1. Select questions function

2. Type your question here

3. Press ‘Send’