



# Singapore: Nutritional Supplements Market

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## Summary

In 2010, the total Asia Pacific dietary supplement market (excluding Japan, the People's Republic of China and Australasia) was estimated to be worth US\$11 billion and is expected to grow to a whopping US\$28.5 billion by 2016, according to information from EAS Strategic Advice Pte Ltd, an international market research and regulatory consulting company. The South East Asian health supplements industry is estimated to be worth over US\$1.5 billion and the market is expected to grow at an annual rate of 10% each year. This is based on information provided by the ASEAN (Association of South East Asian Nations) Alliance Health Supplements Association (AAHSA) while the size of the Singapore retail market for health supplements is said to be worth over US\$260 million. Major suppliers include the United States, United Kingdom, Switzerland, France, Germany, Japan and Australia. The Singapore marketplace is receptive to American products. Singaporeans are considered discerning consumers and appreciate products that are of premium quality. While the Singapore market is small and the cost of doing business is considered high, Singapore is no less an important market for exporters as it leads in consumption trends and serves as a regional showcase for products and services. Consumption behavior is emulated by neighboring Southeast Asian countries such as Malaysia, Indonesia, Thailand and Brunei. Singapore is also strategically situated as the crossroads of global commerce, and serves as a gateway to the region and a larger hinterland that includes countries like China, India and Australia. U.S. manufacturers and exporters could market to the rest of the region through Singapore.

## Market Demand

U.S. products are perceived to be of good quality, with supporting testimonials and clinical data to substantiate claims. While the market is highly competitive and somewhat saturated, best prospects include innovative supplements with scientifically-proven benefits and focused on preventive care. Natural, holistic (i.e.; wellness-focused), enzymatic formulae, anti-oxidants, bone-mineral enhancement formulae, brain-foods, weight-management, vanity-related and those supplements that provide a quick "pick-me-up" for sports enthusiasts are popular. "Nutraceuticals", natural and herbal remedies that are manufactured and packaged in capsule form, are fast gaining acceptance. Multi-vitamins and Vitamin C supplements are traditionally popular with the mass market.

Market expansion is estimated to be between 9% and 10% annually as more Singaporeans include nutritional supplements in their diet, with a view to overall health management and improvement. Over the last decade, multi-level-marketing firms have also gained a foothold in the market, creating awareness and fuelling acceptance levels of nutritional supplements among the general population. In this instance, "word-of-mouth" promotion is extremely powerful.

Based on estimates provided by industry sources, a typical Singaporean consumer who visits a health food store spends US\$80 each visit. He/she typically makes one trip a month to replenish his or her stock. For those with families, the mother is the key decision maker, and if they consume health supplements, the family spends an average of US\$120 per month. No precise retail figures are available for 2010 but trade sources estimate that Singaporeans will spend approximately US\$260 million based on a 7-10% growth rate as estimated by several trade contacts.

Local firms interviewed indicated that they are optimistic of the economy and expect the market to improve over the next few years with a sizeable expatriate/ foreigner community and the rising affluence of Singaporeans who take a keen interest in their overall health and wellness.

The strength of the market is attributed to several factors which include:-

\*Singaporeans are becoming more affluent and are enjoying a correspondingly higher wages and standard of living. As Singapore is poised to become a global city, the people need to take steps to cope with the demands of a fast-paced, stressful, modern lifestyle. Singaporeans constantly seek health supplements that counter modern ailments and keep them in the best of health.

\*Singaporeans are more health-conscious and the majority is taking steps to lead healthy lifestyles incorporating regular exercise and eating lower fat, healthier diets. Health supplements are seen as an ideal complement to their diets. This mind-set is further reinforced by the Singapore Government's "Healthy Lifestyle Campaign" where health promotion programs are organized and supported by the Ministry of Health's Health Promotion Board (HPB).

\*Singaporeans are discerning consumers and are generally willing to pay for quality health products. In essence, they recognize the value in a product but will also always seek the best deals.

\*With the increase in the number of smaller households, more women in the workforce and trendy young adults, health supplements are becoming increasingly popular as an alternative to traditional remedies and health tonics. Traditional cultural remedies are slowly losing popularity among the younger generation and more are now turning to nutritional supplements as an easy substitute. That said, some traditional medicines firms have reinvented themselves and are reviving their trade by changing their packaging, producing in capsules that fit the preferences of the younger generation.

There are over 200 retail outlets in Singapore that sell health supplements. By category, these are chain health stores such as market leaders GNC (U.S. franchise), Nature's Farm (local franchise), Holland & Barrett (International franchise), pharmacies, personal care stores such as Watsons and Guardian, departmental stores, smaller neighbourhood establishments and doctor/physician clinics. Industry sources indicated that multi-level marketing firms, such as Herbalife, NuSkin and Amway, have over the years increased their presence and firmly entrenched themselves in the market. There has also been a steady growth in the area of online retailing.

Singaporeans are also enjoying longer life expectancies. Generally speaking, the state of health among the younger generation is good; however, this is not the case with the older population. The incidence of diabetes, high blood pressure and blood cholesterol are high compared to other developed countries, due partly to a legacy of poor food habits, lack of health consciousness and health maintenance among the older generation. However, steps are being taken on a national level to arrest and manage these conditions. There are already various community-based programs and activities aimed at educating the public to take vitamins and health supplements according to one's needs and individual requirements. The public is encouraged to seek advice from pharmacists, nutritional advisors and family doctors to ascertain which supplements they should take. They are also urged to maintain healthy diets and lifestyles.

## Market Data

For purposes of this report and according to the Health Sciences Authority (HSA), Singapore's equivalent of the U.S. Food & Drug Administration, health supplements include the following categories:

- (a) Dietary supplements: food-like products, containing carbohydrates, amino acids, protein, certain fixed oils and herbs, trace mineral, vitamins (natural and synthesized). This category also includes probiotics containing lacto-bacteria;
- (b) Herbal and natural products without medicinal claims or with general health claims such as marine extracts (fish oil), garlic, etc;
- (c) Vitamins and mineral preparations (currently classified as quasi-medicinal products) including combinations with herbs;
- (d) Therapeutic supplements and traditional natural remedies (currently classified as traditional medicines) such as Western herbal remedies, Ayurvedic herbs, ethnic-based herbal remedies, physiological substances, enzymes, etc.

These supplements are generally purchased over-the-counter and may be taken for sports nutrition, prevention nutrition, general wellness and overall personal care for men, women and children.

#### Product Definition

##### H.S. Codes and Product Lines

#### 2936

Provitamins and vitamins, natural or reproduced by synthesis (including natural concentrates), derivatives thereof used primarily as vitamins and intermixtures of the foregoing, whether or not in any solvent.

293610000 – Provitamins, unmixed, Vitamins and their derivatives, unmixed:

293621000 – Vitamin A and their derivatives

293622000 – Vitamin B1 and its derivatives

293623000 – Vitamin B2 and its derivatives

293624000 – D or DL-Pantothenic acid (Vitamin B3 or Vitamin B5) and its derivatives

293625000 – Vitamin B6 and its derivatives

293626000 – Vitamin B12 and its derivatives

293627000 – Vitamin C and its derivatives

293628000 – Vitamin E and its derivatives

293629000 – Other vitamins and its derivatives

293690000 – Other, including natural concentrates

	2009	2010	2011 (estimated)	2012 (estimated)
Total Market Size	92	81.5	89.3	98
Total Local Production	141	109	114.5	126
Total Exports	625	703.5	735	808
Total Imports	576	676	709.8	780
Imports from the U.S.	26.6	20.1	22.1	24.3

The above statistics are unofficial estimates

Source: IE Singapore, Singapore Trade Statistics

Notes: Data in millions of USD. The exchange rate for 2009: US\$1 = S\$1.45, 2010: US\$1 = S\$1.36,

2011: US\$1 = S\$1.25, 2012: US\$1 = S\$1.20

Based on trade figures, the leading source of imports is from the U.S., U.K., Switzerland, France, Germany, Japan and China.

It is estimated by distributors that the United States commands a 25% - 30% share of actual sales within Singapore. This is opposed to 3% import market share, implying that an important part of American supplements are sold here, and not re-exported. The U.S. share of the market is expected to grow.

It is estimated that less than 10% of the vitamins and health supplements sold in Singapore are locally produced. Based on industry sources, the majority of vitamins and provitamins imported under HS code 2936 are used in pharmaceutical manufacturing, one of Singapore's key manufacturing sectors. This would explain the significantly high import figures of several European countries as well as the level of local production.

Singapore produces primarily routine vitamins such as Vitamin C and B-Complex, iron and multi-vitamins. Locally-produced vitamins and supplements are sold to the hospitals, clinics and pharmacies and are moving into export markets. A significant amount of supplements is also shipped in bulk into Singapore and repacked, resulting in cost savings. Thereafter, importers and distributors re-export throughout the region.

### **Best Prospects**

According to trade sources, health supplements that have commercial potential include lifestyle products that address immune-system boosting, anti-oxidants, weight-management, anti-aging, detoxification and intestinal health and nutrient deficiencies. Everyday multi-vitamins, supplements and those that address specific health concerns are also popular, as well as supplements that target the sports enthusiasts and those that lead active lifestyles. "Quick-pick-me-up" health supplements and nutritional bars and energy shots/gels appeal to this market segment and they are usually sold over-the-counter or through online retail. There are trends that indicate a growth in interest in enzyme-based formulae such as proteolytic enzymes", "digestive enzymes" and those that promote overall cellular health. Most of these formulations are sold using a solutions-based approach where the consumer could purchase a weight-management package that includes multi-vitamins and a suggested diet. The benefits are long-term overall wellness of both body and mind.

As there are many brands of common vitamins and dietary supplements in the marketplace, the products that hold best prospects would be those that are differentiated from the regular product offerings. Health supplements from the U.S. that are considered innovative and provide specific scientifically-proven benefits are best prospects. The U.S. is expected to do well in this area as they are known to be industry leaders and innovators.

Natural and herbal remedies are also considered good sales prospects. "Nutraceuticals" are natural and herbal remedies that are manufactured and packaged in capsule form. Consumers perceived these supplements, derived from natural ingredients, to be "holistic" and therefore better for the body. This has led to manufacturers' interest in providing consumers with health supplements that incorporate such ingredients.

### **Key Suppliers**

Singapore's health supplements market is typically characterized by a wide choice and selection of products. New products are continually being introduced into the market. The discerning consumer recognizes good value and high quality products. Such products receive prompt customer acceptance and enjoy correspondingly strong market growth rates. An extensive and well-served distribution network and competitive pricing are key to the successful marketing of health supplements in Singapore.

## Prospective Buyers

### Retail Consumers

Consumers' acceptance and preferences for U.S. products remain high. American health supplements are trusted for both quality and efficacy and as such, enjoy goodwill and credibility among local and expatriate consumers. However, U.S. products are generally priced at a premium, which makes them less competitive against others on the market. The retail marketplace is highly competitive and distributors tend to focus on margins due to the high cost of operations. Given this market sentiment, U.S. firms must be able to balance high quality and price according to what the market is willing to bear.

The majority of over-the-counter health supplements are at retail outlets. These include chain health stores, pharmacies, personal care stores, departmental stores and to a lesser degree, neighborhood medical halls. Multi-level-marketing (MLM) and direct marketing firms constitute approximately 30% of the market.

Consumers rely heavily on "word-of-mouth recommendations, advertisements and direct promotions. Increasingly, social networking sites are gaining popularity and helping consumers make more informed decisions regarding the efficacy of certain brands.

### Distributors/Importers

Prospective buyers under the distributor/importer category can be broadly classified according to three main groups. They are the importer-retailer which consists of firms that import at distributor prices and also operate retail stores or MLM programs. American health-food store, GNC, is an example of a firm that imports the nutritional supplements and markets them via its wide network of stores. They command a significant market share and run loyalty programs for their customers. There are also local players like Nature's Farm that also import a large selection of American supplements. Besides representing manufacturer brands, they also buy in bulk from the U.S. and other sources and repackage the product under their own private label. This method offers economies of scale and helps lower cost while maintaining ownership of the brand.

There are also pharmacy/personal care chain stores that have a dedicated department that sources for products that can be marketed under their own private label. According to trade contacts, these large retail giants outsource to third party firms that undertake the role of sourcing, packaging, labeling and pricing the nutritional supplements.

The third category is the traditional distributor that imports and negotiates with the various retail stores to have products distributed. Some also tap the doctor channels. Typically, if a distributor chooses to market a product through the traditional retail channels, it is unlikely that they will also want or be able to tap the doctor/physician channels at the same time.

## Market Entry

Introducing products into Singapore is a fairly simple process and at this time, there are not many regulatory hurdles to clear.

U.S. companies who are new to the market and interested in exporting to Singapore should consider appointing a local distributor to represent their products. Given Singapore's small market size, most prospective distributors would ask for exclusive rights to sell the product. They most likely will also request for distribution rights to the neighboring countries of Southeast Asia, such as Malaysia, Brunei and Indonesia. In turn, they will ensure that they commit their resources to promoting the product to the appropriate retailers and distribution channels and reap the benefits of their efforts should sales materialize.

Most major retailers operate across borders in South East Asia and distributors who are given regional rights will be in a better position to negotiate better promotional programs with the major retailers that operate in several markets.

There is no special legislation in Singapore governing agency / distributor agreements and therefore, such contracts should be based on mutually-beneficial and agreed-upon terms and conditions between both parties.

U.S. exporters of nutritional supplements should evaluate the suitability of the distributor based on the product mix that they carry as well as the distribution channels that they serve. As much as possible, product range and brands that the prospective distributor carries should complement that of the U.S. firm.

American companies should be prepared to provide some level of advertising and promotional (A&P) support to build brand awareness and acceptance. If they are not keen on providing A&P support, they may consider private-label options where the brand ownership stays with the Singapore firm. Careful consideration must be given to product packaging as it must protect the integrity and stability of the health supplements in the high heat and humidity of Singapore. It must also be attractive to attract the consumer's attention at the point of sale. A survey of the various chain pharmacies and personal care stores revealed that promotional support is tantamount to the success of a brand. Posters, product education brochures, trial and sample packs, sales promotion and loyalty programs are various ways to build awareness, generate interest, gain acceptance and induce trial and purchase. If the product is effective, goodwill is established and repeat purchases will occur.

Healthcare stores such as GNC and Nature's Farm offer loyalty/VIP membership programs to their customers. Benefits include newsletters, discount promotions, trials and education talks. A number of MLM firms also market in the same manner.

Chain pharmacies and personal care stores offer shelf space and promotional support as a package. For example, the distributor can negotiate for preferred shelf space and in return has to support the chain store with A&P support. U.S. suppliers looking to penetrate the market must be willing to consider such costs. Based on industry sources, approximately 30% - 40% of shelf space in pharmacies is dedicated to health supplements and on average, distributors spend 20% of their revenue on A&P support.

## **Market Issues & Obstacles**

There are no import or custom duties on health supplements. A 7% goods & services tax (GST) is imposed on all goods sold and services rendered locally. Imports are subject to GST, but payments are refundable on re-exports.

### Regulatory Environment

The controlling authority is the Health Sciences Authority, Ministry of Health. Firms must also comply with the Health Supplements Guidelines which are administered by the Complementary Health Products Branch, Health Products Regulation Group. More information can be found on <http://www.hsa.gov.sg> where you can download a copy of the Health Supplements Guidelines.

### ASEAN Harmonization (Association of Southeast Asian Nations)

The Association of Southeast Asian Nations (ASEAN) is made up of ten Southeast Asian countries, namely Singapore, Malaysia, Indonesia, Brunei, Thailand, Philippines, Brunei, Vietnam, Cambodia, Laos and Burma (Myanmar).

Government regulators from the various ASEAN countries, the ASEAN Alliance of Health Supplements Associations (AAHSA) experts, observers from the traditional medicines industry have held a series of meetings since August 2004 to discuss harmonization of their regulations governing health supplements and traditional medicines. In essence, they have agreed to change existing legislation and introduce new legislation based on the Association's agreed model. The European Union (EU) has been working on something similar for the last 20 years and ASEAN is optimistic that they will be able to implement the harmonization of regulations by 2015. This is expected to fundamentally shape the future regulatory and marketing environment for supplements and traditional medicines across the region.

Key discussions include harmonization initiatives on terminologies, common technical requirements on product placements, post-marketing alert (PMA) systems, Good Manufacturing Practices (GMP), labeling requirements, mapping and building the capacities of member countries. An ASEAN Scientific Technical Committee (ATSC) was established in July 2007 to provide risk assessments and the appropriate scientific recommendations on key areas of the emerging regulatory framework. Main areas discussed include:

- Maximum levels of vitamins and minerals
- Negative list of ingredients
- Restricted list of active ingredients
- Limits of contaminants
- Bovine-derived substances focused particularly on BSE issues
- List of restricted additives/excipients
- Claims requirements
- Classification of products at the interface between conventional foods or medicines

## Trade Events

Singapore and Hong Kong are rated as Asia's top convention cities and major trade shows and conferences are staged in these two countries. U.S. exporters of nutritional supplements should consider participating at the following trade show:

Event: Natural Products Expo West 2012 (Anaheim, California)  
Dates: March 8-11, 2012  
Location: Anaheim Convention Center, Anaheim, CA, USA  
Organizer: New Hope Natural Media  
Website: <http://www.expowest.com>

Event: Natural Products Expo Asia 2011  
Dates: August 25-27, 2011  
Location: Hong Kong International Exhibition and Convention Centre  
Organizer: New Hope Natural Media  
Website: <http://www.naturalproductsasia.com>

## Resources and Key Contacts

Companies interested in exploring the Singapore market can refer to the list of contacts listed below:-

Health Sciences Authority  
<http://www.hsa.gov.sg>

#### For More Information

The U.S. Commercial Service in Singapore can be contacted via e-mail at: [Luanne.Theseira@trade.gov](mailto:Luanne.Theseira@trade.gov);  
Phone: 65/6476 9037; Fax: [65/6476 9080 or visit our website: [www.buyusa.gov/singapore](http://www.buyusa.gov/singapore).

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