

VIETNAM HEALTH SUPPLEMENTS REPORT

Prepared by BritCham Vietnam

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**British
Chambers of
Commerce**

International Affiliate

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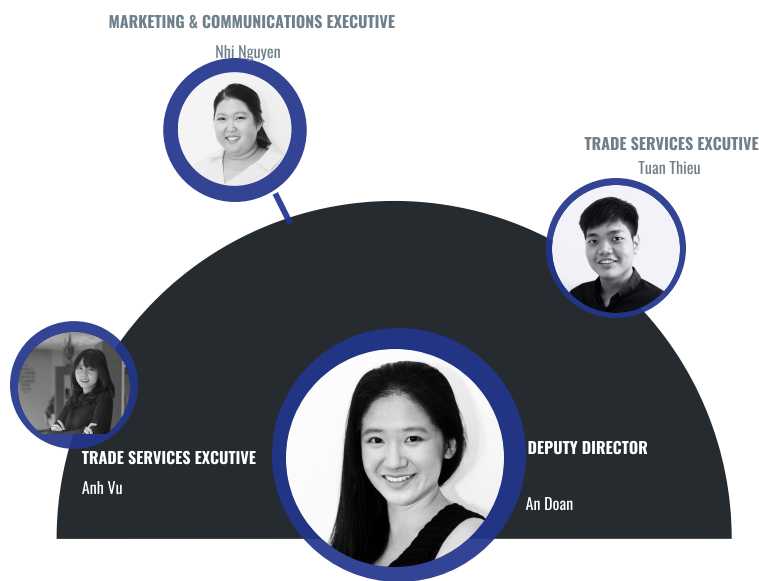
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OUR TEAM



What we do ?

The British Chamber of Commerce (BritCham) was officially established in Ho Chi Minh in 1998 with its Ha Noi branch founded in 2007. BritCham Vietnam aims to support and develop Vietnam-UK business links while raising the profile of Vietnam in the British business community and vice versa. As an accredited British Chamber, Britcham in association with the Department for International Trade (DIT), is committed to promote strong business links between Vietnam and the UK.



BUSINESS MATCHING:

Partner search and one-to-one meetings with potential clients, agents/distributors or outsourcing partners



BUSINESS DEVELOPMENT REPRESENTATIVE:

Provide a professional business development representative to act locally on your behalf, strengthen existing engagements with the Vietnam market on a long term basis and develop further business relationships within the market.



INWARD INVESTMENT FACILITATION:

Business Registration, Site Selection, Factory/Office Set-up & Operations Support,, HR & Financial Management



BUSINESS SERVICES EVENTS:

Organise trade missions, product launches and seminars/workshops



MARKET STUDIES:

Sector reports, competitor analysis and local prospect background research



EXPORT OPPORTUNITIES:

Explore your export opportunities to Vietnam through DIT's portal opportunities.export.great.gov.uk



WEBINARS:

Online dialogues with experts within industries to forestall new trends in doing business in Vietnam



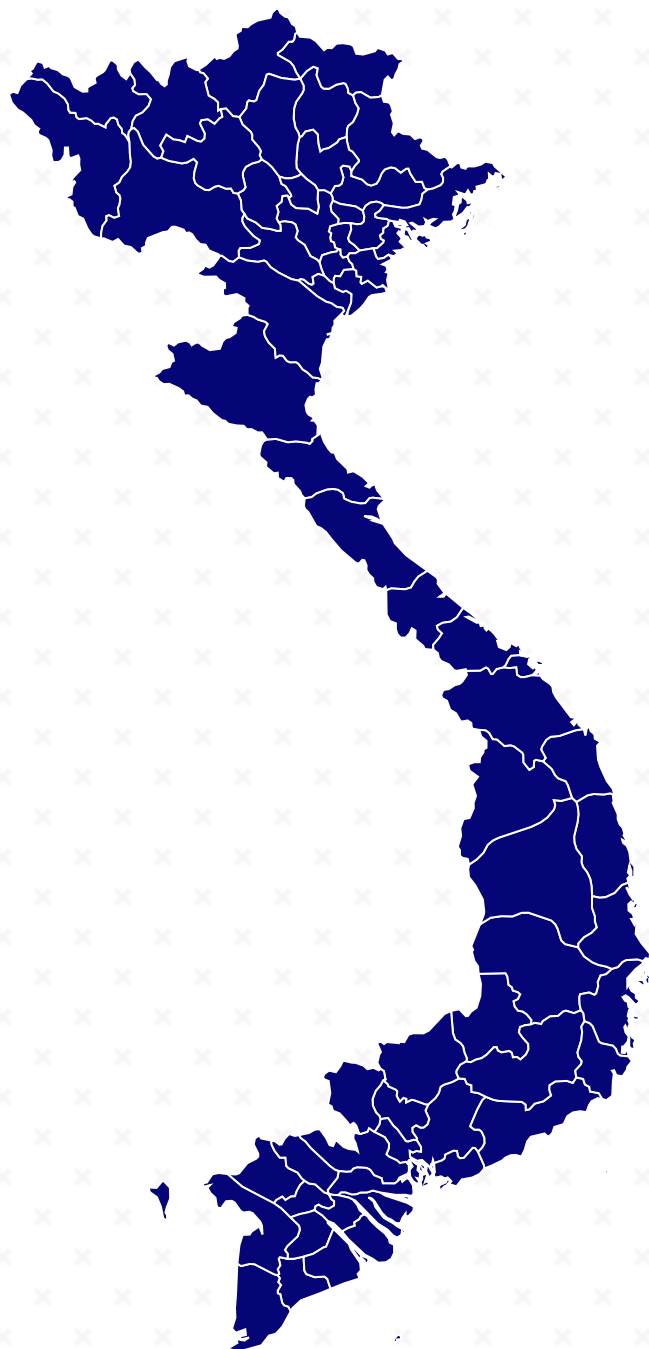
BACK-OFFICE SUPPORTS:

Due Diligence, Marketing Materials & Company Documents Translation

CONTACT US



OVERVIEW OF VIETNAM'S ECONOMY



Population: **96** million

Population age 65 + : 7.3 million



GDP growth in 2020

2.9%



World Bank's Ease of
Doing Business 2021

70th among 190 countries



GDP per capita: \$3,500

CPI: 0.2%



Middle & Affluent
Middle Class
population

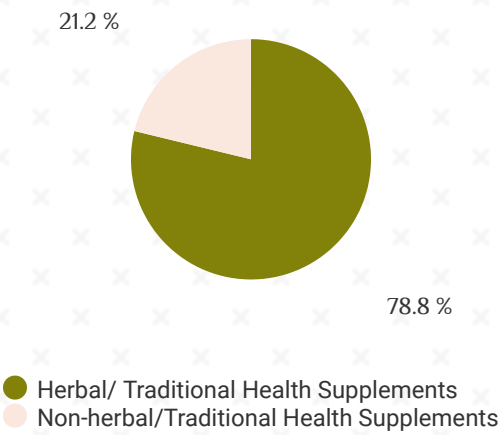
Expected to reach 12.48
million people by 2020



Asia Development Bank predicts
that Vietnam's growth rate will
reach 6.7% in 2021, despite the
impacts of Covid due to effective
government measures.

VIETNAM'S HEALTH SUPPLEMENTS MARKET

Main Categories in Vietnam Health Supplements Market

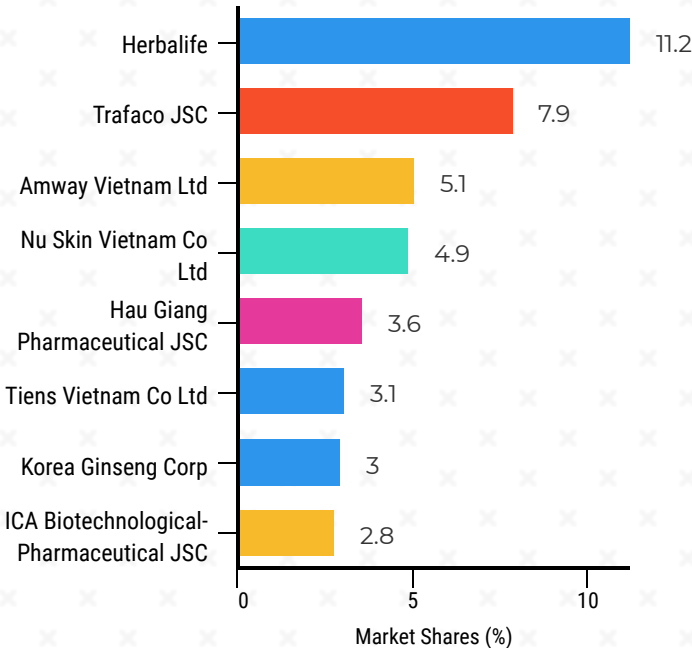


Source: Euromonitor International (2020)

- 1. Total Market Value: 423.1 (GBP Million)
- 2. Total Market Growth Rate: 13%
- 3. Sales growth (2015-2020 CAGR %)

- Herbal/Traditional Health Supplements: 12.1%
- Non-Herbal/ Traditional Health Supplements: 9.1 %

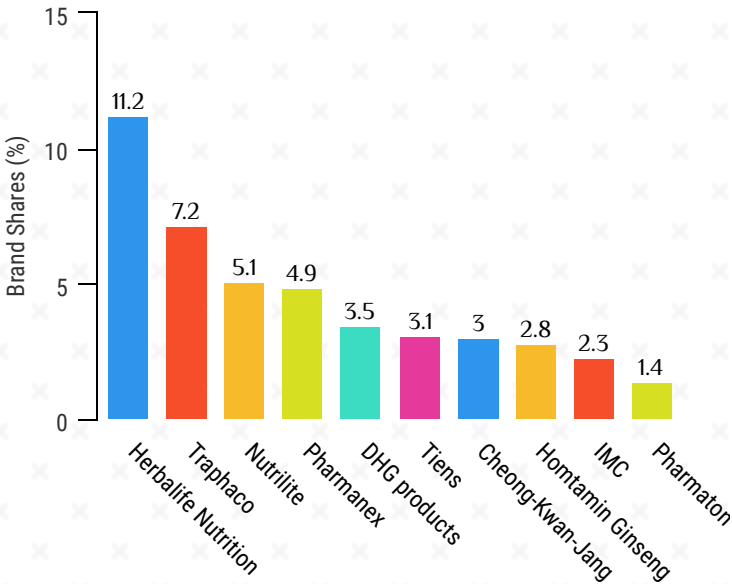
Top Company Market Shares in 2020



Source: Euromonitor International (2020)

- Herbalife strengthened its leading position in 2020, to reach an 11% value share.
- Vietnam Supplement market is highly competitive since the market share of the majority of top players is less than 5% each.

Top Brand Shares in 2020



Source: Euromonitor International (2020)

- Herbalife Nutrition and Traphaco are the leading brands in the Vietnamese health supplements market.
- Local brands such as Traphaco, Pharmanex, DHG products are beginning to gain stronger brand reputations thanks to the launch of new products and marketing campaigns.

VIETNAM'S HEALTH SUPPLEMENTS CONSUMERS

Behaviour ²

1. Consumers consume more health supplement products, especially the elderly.



Vietnamese consumers believe that certain health supplement products could enhance their immune system to protect them from Covid 19.



The elderly are most impacted by the virus; thus, this group of consumers purchases a lot of health supplement products owing to fears of shortage. Nonetheless, the health supplement products still obtain high growth momentum since the desire to boost health remains high.



Herbal/ traditional health supplements are responsible for the highest market share in 2020 and are also anticipated to achieve the highest growth. The reason is that consumers perceive these products to have more positive effects on their health along with preventing potential side effects than consuming standards products.



The sub-category of combined herbal/traditional health supplements is forecasted to obtain the highest share and growth rate. This is because consumers prefer products that contain different ingredients.



Ginseng is anticipated to achieve impressive growth since this is known for enhancing the immune system - a significant concern amid the Covid 19 outbreak.

2. Consumers prefer to improve their health rather than treating symptoms



Main health-related concerns of consumers are skin heath/skin care, anti-aging, mental health/neuroleptic, eye health, digestive health, and heart health.



Probiotics are forecasted to obtain the greatest growth rate because consumers prefer to strengthen their digestive systems rather than treating digestive problems.

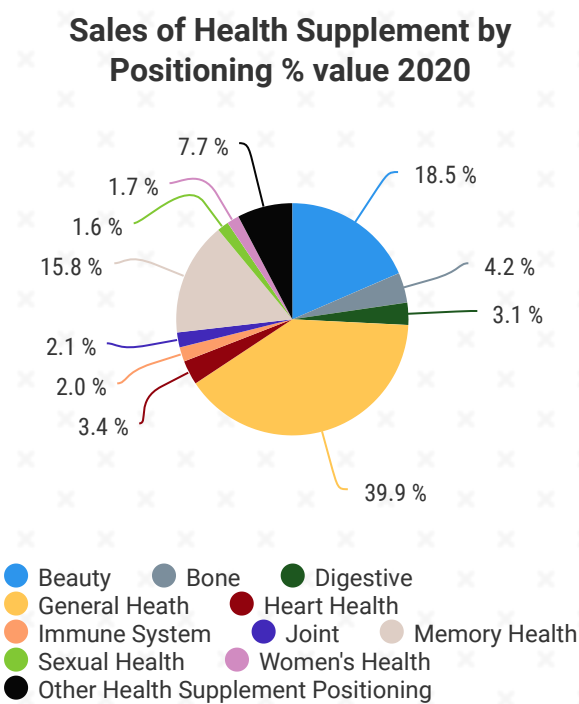


Glucosamine is forecasted to obtain sustainable growth because of the willingness to prevent joint problems and the aging population.

VIETNAM'S HEALTH SUPPLEMENTS CONSUMERS

Demand 2

1.General Health and Beauty products were responsible for more than 50% sales value of the health supplements sector in 2020



- Women of all ages consume supplements for beauty purposes and to enhance sexual and overall female health.
- An increasing number of young Vietnamese are anticipated to consume supplements to improve their vision and memory.

2.The sub-categories of non-herbal/traditional health supplements are anticipated to achieve significant growth rates.



Glucosamine is anticipated to achieve an exponential growth rate in terms of current value and volume owing to the aging population, in detail, the 2020-2025 CAGR will be 13.0%. This is because Glucosamine helps the elderly partly relieve osteoarthritis, glaucoma, and joint pain.



Probiotics Supplements obtained the highest current value growth rate in 2020 at 19%. Additionally, the total current value reached GBP 8.3 Million. This is because Probiotics Supplements increase the number of good bacteria in the intestine system in a more natural way than digestive remedies.

HEALTH SUPPLEMENTS DISTRIBUTION CHANNELS IN VIETNAM'S MARKET

Store-based Channels ²



Store-based retailing accounts for 70.2% of the health supplements distribution channel.

- Chemist/Pharmacies
- Drugstores
- Vitamins and Health Supplements specialist retailer
- Supermarkets, Hypermarket

Non-Store Channels ^{2,3}



Non-Store retailing accounts for 29.8% of the health supplements distribution channel.

- Direct Sales
- Ecommerce platforms: Tiki, Lazada, Shopee, etc.
- Beauty Website: Waston, Hasaki, etc.
- Personal social media channels of individual merchants on social media platforms: Zalo, Facebook.

OPPORTUNITIES FOR VIETNAM'S HEALTH SUPPLEMENT MARKET



The growing consumer group, mostly the elderly ²

- **65 + years old:** 8% of the total population in 2019
- **65 + years old:** 14% of the total population in 2039
- The demand for health supplements of older people increases thanks to the exposure of the benefits of these products through the internet and health-focused media.



Woman of all ages consume health supplements for the following objectives: ²

- Beauty purpose
- Enhance Sexual health
- Enhance overall female health



Increasing numbers of younger Vietnamese consume supplements for the following objectives: ²

- Improve vision
- Boost memory



The fast-growing middle-class population of Vietnam is increasingly more health-conscious and willing to spend money on mid to high-end imported health products.

CHALLENGES OF VIETNAM'S HEALTH SUPPLEMENTS MARKET

1.Intense Competition ²



Small Market Shares for the major groups because of the following reasons:

- a large number of players in the markets
- cheaper illegal supplements in the market.



Due to the higher living standard and impressive economic growth during the Covid 19 crisis, major domestic firms prepare for their entry into the health supplement sector by 2025.

- Vingroup
- Vinamilk



In order to be an outstanding player in the market, health supplement companies must heavily invest in

- Advertising campaigns
- Promotional campaigns

2.Local and international companies must compete with substandard, illegal products ^{2,5,6}



There are lots of substandard, counterfeit, and illegal supplements in the Vietnamese health supplement market which are more appealing to the consumers due to lower prices.



There are a lot of fraudulent claims in the advertising campaigns of the illegal producers on online platforms such as Zalo, Facebook, Youtube. However, it is hard for the consumers to clarify the claims and for the government to control those advertising campaigns as well as the production of illegal products.

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