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Market research and marketing plan to enter the United Kingdom food supplements market. Case Danapha

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Market research and marketing plan to enter the United Kingdom food supplements market. Case Danapha.

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Market research and marketing plan to enter the United Kingdom food supplements market: a case study of Danapha.

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Due to the stresses of modern life and the discussion of these factors in the media and scientific articles, an increasing number of people have become more and more concerned about personal health issues. This has contributed to a rapid expansion in the market for food supplements in the last few years and this large market of potential consumers has attracted a lot of interest from manufacturers all over the world. Danapha, a medicine producer in Vietnam, has been particularly interested in exporting products to the United Kingdom (UK).

The purpose of this thesis project was to conduct market research into the sale of dietary supplements in the UK and based on the result of the study create an introductory marketing plan for the case company. Following the expectations of the company, this preliminary marketing plan will concentrate mostly on the choice of market entry and some recommendation for the company's mainstay products of vitamins supplements and botanical extracts.

This thesis report consists of three different parts: a theoretical section, empirical study and the implementation of a marketing plan. The first part is utilized to present and synthesize the general knowledge that will be employed in this thesis. The theoretical section includes information about the formulation of a typical business plan and the process of conducting a marketing research. Subsequently, the process of conducting market research and the actual report into the UK's food supplement market will be introduced, obtained by using qualitative research methods. Finally, a marketing strategy plan is built to help the company entering the market with the minimum risks and achieve business goals

This thesis can be the foundation for further studies related to the food supplement market in the UK. The marketing plan is constructed accordingly to the intention of the case company about: choice of the foreign market, strategies in the new market, budgets, choices of products and the results of market research study.

Keywords, Food supplements, Dietary supplement, Market research, Marketing plan.

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1 Introduction

This chapter will indicate the background information of this study, specifying the motivation of the thesis author to choose this topic of conducting a market research of UK's nutritional supplements. There will also be a briefly overview of the thesis's objective, research question, research and theoretical approach. A description on thesis's scope and limitation will be included in order to draw a sketch about this thesis.

1.1 Thesis background

With the development of science and food processing technology, dietary supplements are getting more and more convenient and important for many people in the world, especially people who are incapable to eat nutritious variety of foods. Additionally, with the influence of media, social network, science research publication and more accessibility to nutritional education, many countries in the world had reported the change in people way of consuming foods (Mergenthaler et al 2013).

With a rich source of ingredients, many Vietnamese medicine companies are being successful in develop and produce high quality dietary supplements that meet global standards while keeping their competitive advantages of cheap labour and ingredients cost to gain even more superiority in pricing and product recognition. Aiming to go globalization, in particular Europe, Danapha, a pharmacy company based in Danang city, facilitate and encourage author to conduct a thesis aiming to create a marketing plan based on market research of UK for their main-focused food supplement products to get into UK market (Danapha 2016).

1.2 Purpose of thesis

Purpose of this study is to evaluate the market of food supplements in UK, the ongoing trends of healthy lifestyle, the possible marketing channels and what barriers exist in the process of exporting dietary supplements into UK market. Based on the market research results, a preliminary marketing plan will be designed for Case Company.

Exporting new product to a different market, especially the one that has a big culture gap compared to the origin market, is very challenging to any company, particularly in pharmacy industry, where brand and reputation are decisive element of customer buying habit (Small business 2014). The problem of a new brand when entering a new market firstly is to understand that target market and decide the best market entry method. This method has to satisfy both financial budget of the company, as well as long-term targets and vision. Secondly, by supporting my thesis, the company is aiming to gain more knowledge on UK food supplement

market, including new healthy food trends, possible channels for dietary supplements marketing, pricing and competitiveness. Last but not least, the barriers that stopped many companies from exporting medicine product to Europe market.

1.3 Research question

The main research question is:

- Is there any opportunities for Danapha with dietary products in Uk market?

Some sub-question that can be develop to explore the main question:

- What are the advantages and disadvantages of the Case Company?
- What are the trends of healthy living style in Uk and does it support for the company exist products?
- Which companies are the main competitors and their strategies?
- Future development of UK food supplement market?
- What are the possible marketing channels? Their pros and cons and which is the most suitable way to marketing their products?

1.4 Research approach

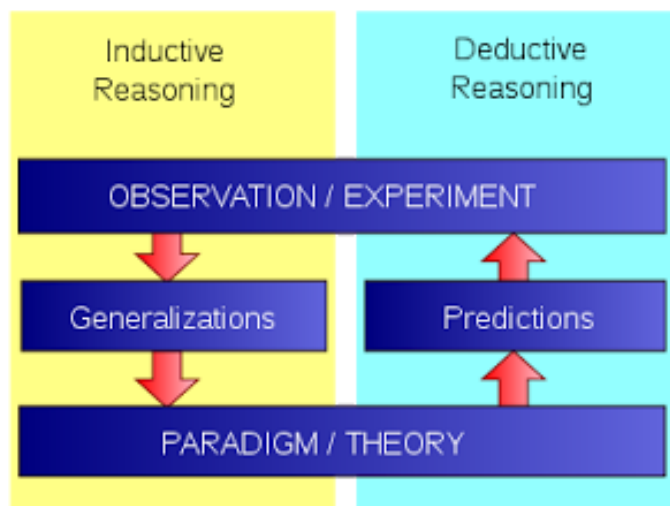


Figure 1: Deduction and Induction approach (Chiesuecllic 2005)

In two approach available in science to deliver a conclusion for a problem: deductive reasoning and inductive reasoning, the deductive approach was employed for this thesis based on the nature of the study. Deductive reason is the method of working from “top-down”, from general to more specific of a problem (Socialresearchmethods 2014). From the general intention of entering the market of dietary supplement in UK, the objective of this study become more and more specific in the end of this report, concerning the analysis in the target market

and company own-assessment to evaluate its chance to success in that market. This is the reason for choosing deduction method.

1.5 Theoretical approach

The theoretical approach is put together by incorporating knowledge from literatures of business plan, market research. The purpose of investigating theoretical approach is to interpret and understand how a market research is conducted, what is the content of a business plan in general and the marketing plan as an importance part of a business plan, in furtherance of forming a foundation knowledge for the empirical study follow after that.

This thesis's theoretical approach part comprise two main parts, corresponding to the two main purposes. The first section delve into the concept of market research, examines the role of a thorough and detail market research in today business life, investigate and explain in detail the process of making a market research. Secondly, the last part of the theoretical explanation uses to go through two different theories in business plan creation. By proposing two theories, audiences can comparing the noteworthy points between the two popular theories, the suitable section will be selected to enclose in the implementation plan.

1.6 Scope and limitation

To satisfy the two main goals of this thesis: study the market of UK's nutritional supplements and writing a marketing plan for the case company, both primary and secondary data collection will be combine in this thesis.

The primary data comes from interview and discussion with case company's planning director, Mr Van Ai. Secondary data source is acquired from publications such as books, journals, articles, reports, previous studies and electronic sources.

1.7 Frame work of thesis

The structure of this thesis consist of six parts, in which the main two key parts are: theoretical background and empirical study. The content of each part and order of the six elements are presented in the figure bellow.

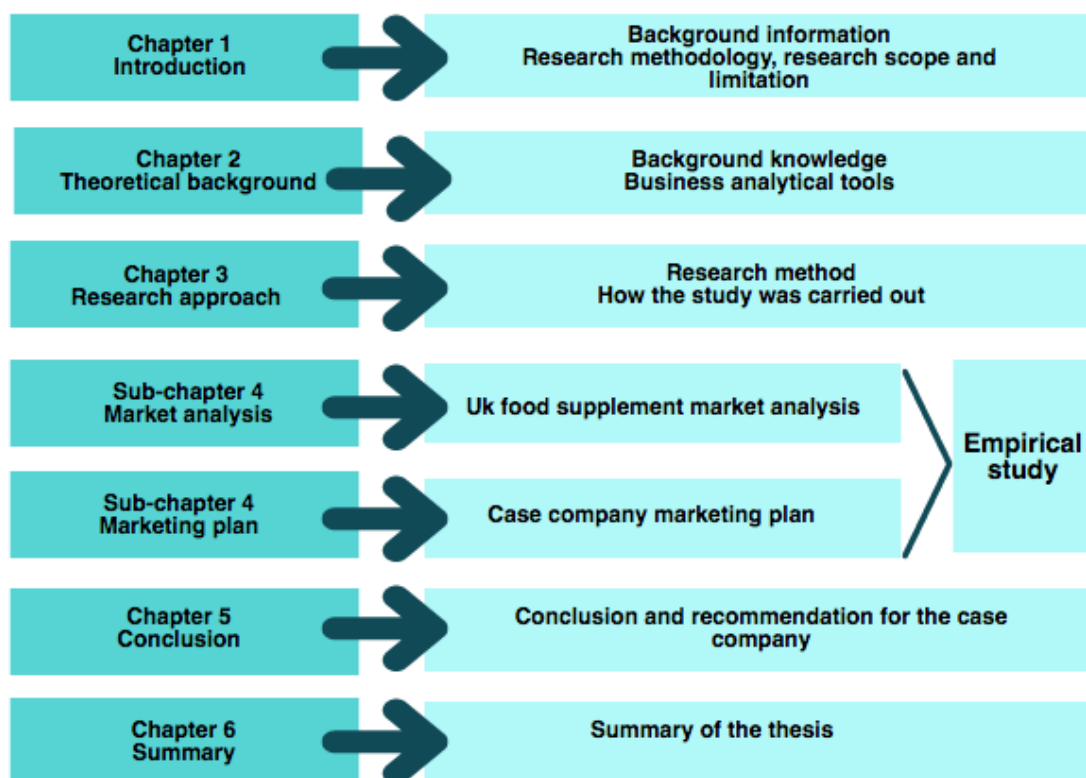


Figure 2: Thesis structure

The first main chapter of the thesis is theoretical background and it is listed in chapter two, right after the introduction. This chapter provides the fundamental theory for the whole thesis to base on. Information given in this chapter included knowledge on the important of market research, the core elements and explanations of each section of a market research study and the comparison of two different business plan structure theory.

Subsequently, the empirical part is followed in chapter three and four. In the third chapter, UK's food supplement market study was delivered by an overview outlook and follow the knowledge base present in the previous part. Finally, the four chapter will introduce the Case company in term of history, product descriptions and a demonstration of company's marketing plan.

2 Theoretical background

2.1 Business planning

A business plan is an overall picture in in which the author what to create formal statement of one business targets, reason why these targets are reasonable and plan how to reach these

goals. Business plan can have many forms and criteria, depend on what type of business, industry and the target audience of the business plan. It can also contain background information about the company, organization or group that attempting to achieve these goals and the operation environment. Within the limitation of this thesis, author will discuss the theory of business plan based on two different models: Brian Finch and Edward Blackwell's theories.

There are two key questions that the creator of a business plan has to concern at the beginning of the process of writing an implementation plan: what is his/her plan for and who is the audience his/her aiming to? According to Brian Finch's theory, there are six pivotal identification that helps distinguish these different groups of audience (Finch 2010, 2):

- Does the audience want to purchase your business or a part of your business?
- Does the audience want a joint venture contract?
- Does the audience want to invest in your innovative ideas or just in an existing business?
- Does the audience want to provide support for your business?
- Does the audience want to make a grant?
- Does the audience want to sign in a contract?

Each target groups of audience listed above will have different expectation as well as reaction to a business plan. If the creator of a business plan already has a clear idea and vision about his/her target viewers, the goal of a business plan is classified and the content of business plan is easier to adjust. For instance, if your business plan is aiming to gain a grant from a regulatory authority, the research part of your plan has to carry out an extra piece of checking your company eligible not against the local regulation. Moreover, they would look at different issues such as sustainable developing plan, local social benefits, job giving, which does not often look attractive to a viewer that want to purchase your business.

In this case study, the author is writing a business plan presenting a company to run their own business in a whole new market. The most essential purposes of this case is to help bring in the ideas of the company about their products or services, spread the ideas of this business to everyone who involve in the project and assure their commitment to the ends. This type of business plan will focus more on non-financial objectives, for example marketing plan, personnel development and management issues. This plan should draw the picture of the business as a whole and how the company agreed toward the same strategies and objectives.

In order to present the plan in the most precise and convincing ways, the author has to organize his/her plan in distinct order and section. The items that describe in the figure below are broadly the fundamental sections of a business plan. However, the choice of items to make a plan's structure will vary from business to business (Finch 2010, 19).

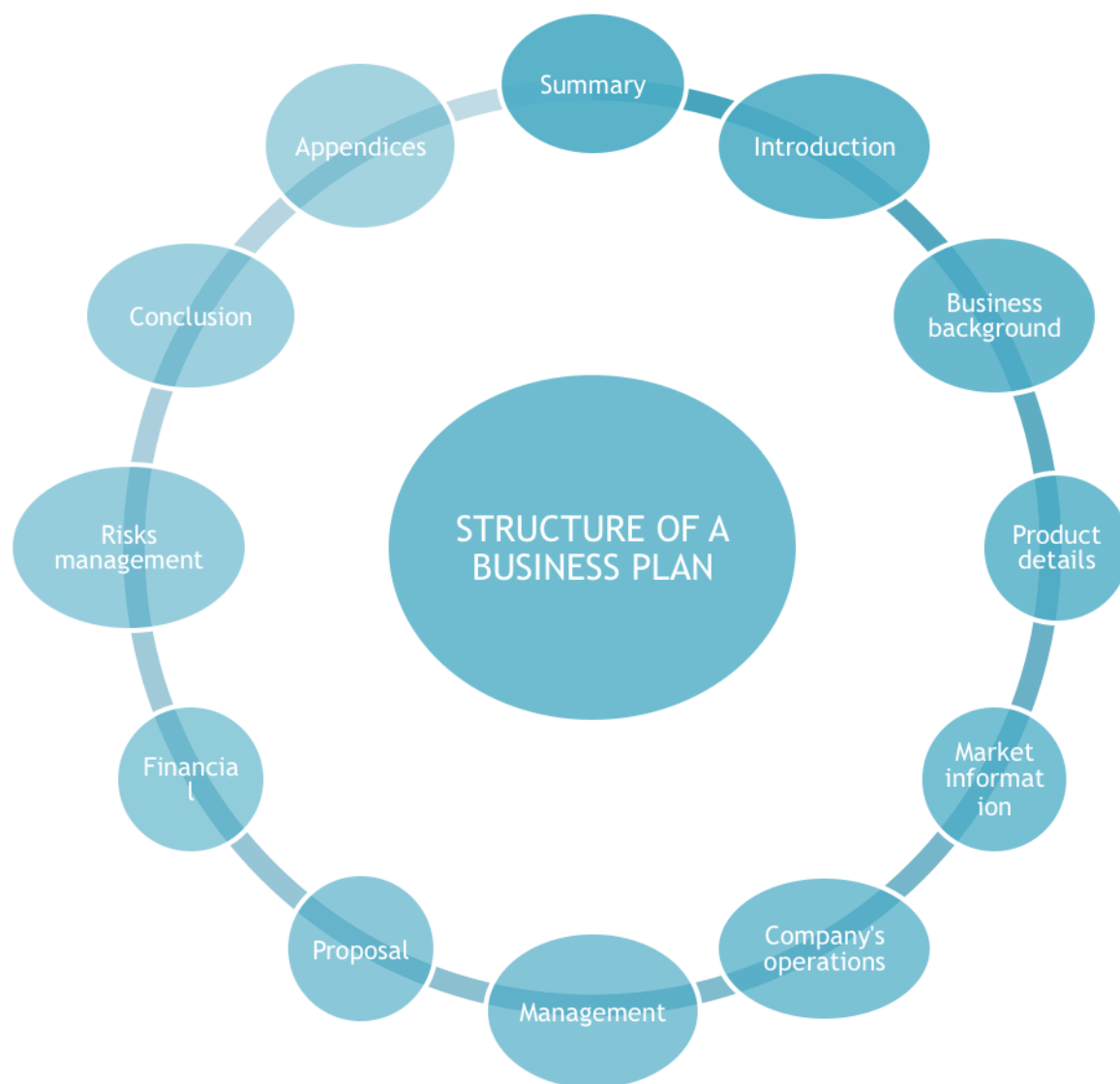


Figure 3: Structure of Business Plan based on Brian Finch theory (Finch 2010)

The order of the categories can also be differ, base upon the story line that the author is trying to build and communicate with the audience. Some sections can also be merged and some others can be added. In conducive to keep a logic and easy to follow structure, same ideas can be repeated several times. For example the summary and conclusion of the plan will repeat about the core values, the objectives and goals of the business.

In contrast to Brian Finch's theory with the strategy of categorize audience purposes of reading business plan to set up a right concentration on the report, Edward Blackwell's theory present the model framework in which information delivered to the reader are already order in a logical pattern (Blackwell 2008, 5). However, in order to utilized Blackwell's model in the

most efficient way and making sure that reader can easily follow the same logical flow that the author wants to deliver, it is also important that the writers can determine their target readers in the meaning of, for example, their interested toward the business, purposes of reading the plan and knowledge background.

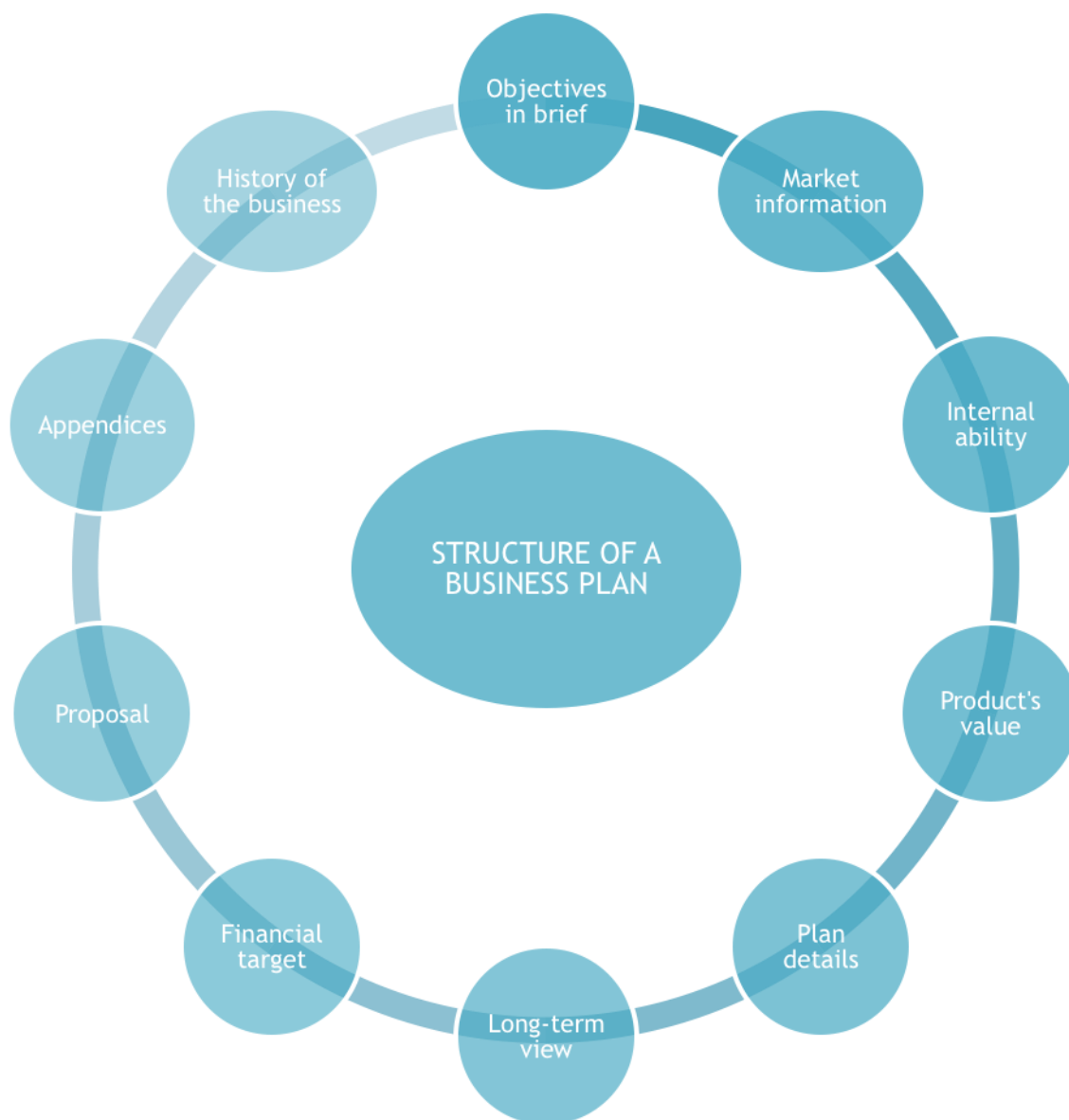


Figure 4. Structure of Business Plan based on Edward Blackwell (2008)

It is clearly showed through the two figures about the differences and contrasts of the two model theories. Despite the numerous amount of common items listed, mostly in the fundamental parts of a business plan, including business or company's background, market research information, financial analysis and the ultimate goals; there are still noticeable amount of

distinctive characters that can be decisive when one want to choose between the two theory. One of the noteworthy alter is that in Finch's theory, there is the exist of the "product detail" section, however in Blackwell's theory, the corresponding section is listed as "product's value". Many examiners can sometime underestimate these two stages since they assume the two sections are both use for the purpose of mentioning and explaining about the target products or services. However this distinction might mean a lot more than common perspective. When examining Blackwell's explanation on his "product's value" section, is reasonably sophisticated and more adaptive to the new way of business mind-set. The section, in which also require the producer to indicate a product with all of its features and technical details like in Finch's theory, is also present a product or services with all their attached benefits, innovation ideas and experience that it is designed to deliver to customer. The reason why this type of introducing a products or services is better than just description of physical features is that, in the intense competitive business environment nowadays, customers are more searching for the values and benefits that a product can bring and ready to paid a proportional pride for it, not just products with only features.

In conclusion, a business plan is the foundation steps of establishing a business or projects. Having a well-built business plan does not mean that the success of the business or projects is assured, however it is a great tool to draw an overview picture of your business, as well as the market and your competitors, thus minimized the risks and put a ground stone for future development. Company should consider spending a sufficient effort, resources and personnel, hen build a well-established business plan before each important project. From the author of a business plan perspective, the most crucial things to figure before starting a business plan is the target audience class, what kind of reaction they want to achieve from the reader of their plan and how the business can be develop in the future. Precisely, in pursuance of the preparation of a business plan, the main task for the author is to closely connected with the company, have a thorough understanding about their goals and company culture, then decide the right questions to be ask. Those questions have to cover generally everything related to the business case, including internal and external business operating environment. By this way, once all the questions and topics can be accurately answered in the implementation plan, the business plan is successfully achieved.

2.2 Marketing plan

This sub-chapter will introduce the theory that used as a basic for the marketing plan. A marketing plan, in general, include many different parts of marketing factors and insight. The purpose of this section is to give the reader an overview about the chosen theory in the marketing plan part, as well as basis knowledge preparation about the concepts concern market-

ing. However, there are only some sections of the marketing figures to be included in the marketing plan.

2.2.1 Marketing mix

Marketing mix is one of the most popular marketing tool that introduce the concept of 4P's: product, price, place and promotion. A good marketing plan will employ the consistency of all the marketing mix, to create a balance and thorough picture of a company marketing strategies. Designing a marketing plan with taking to consideration all the elements of marketing mix also make sure that all the basic marketing instruments of a company are going in the same direction and does not create any conflicts between any of those figures. For example, the distributing channel can be the element which supported strongly by the appropriate advertising plan and in-store communication (De Pelsmacker et al. 2001). The figure below showed some of the highlight and main ideas of the marketing mix:



Figure 5. Marketing mix - 4P's (Relativemarketing 2016)

3 Research approach

3.1 Important of market research

Market analysis is an effective tool to evaluate the potential of a market; especially the target market of the company had a huge cultural distance to the market of origin. Market research helps collecting information not only about the macro market figure but also insight into your customer buying behaviour, trends and location. Moreover, by keeping track of what your competitors is doing, one company can monitor their strategies, predict new market trends, adjust and develop their products or services.

Market research objectives have to be clearly defined at the beginning of the market research in order to achieve the value and useful results or conclusion of the research. There are many different ways to collect market information, divided into two main approaches: primary research and secondary research. Primary research refers to the method of gathering desired information from scratch using original sources, for example: targeted group surveys, direct interviews, questionnaires or through customer feedback. Secondary research approach is the method of using information or data that is already analysed by credible sources. These sources could be included: statistic company, industry publications, Internet websites, newspaper and trustworthy media (Lib1 2010).

Company need to determine the time frame, budget and type of information required before administer the market research. Depend on the allocated budget, company can either consider hiring professional research company or look for alternative cooperate projects with different partner, for example, other companies or universities. Types of information gathered are based on the purpose of the research. Qualitative information evaluates the habits, perspectives and values of a group of sample. Company would acknowledge this type of information at the following stage after entering a market. This type of material could help to understand customer-buying process, their reaction to company marketing campaign or their perceptions. At this stage of the progress, case company would like to focus on accomplishing quantitative information. This kind of data can be use to envision market penetration, future development, opportunities etc.

3.2 Market analysis methodology

It is importance for marketing plan creator to have a standard framework for the market research study. Depend on the industry, some categories in the market study can be more im-

portance than others. However, when company have a chance to look at the market at a whole and organized order, it is more accessible and easier to follow the logical tracks of the report. Thanks to the sources of data from various trade union and government publication, this study can be accomplished by the information of sales, trends, analysis and financial report from numerous electronic sources. Data will be mostly collected from secondary research information origin.

3.2.1 Market size

Market size can be described as the total volume of a given market. The measurement of market size can be demonstrated by the number of current sales of a product or the potential of expanding their operation. In this case, when a new company wants to enter a market, they can look at the sales by the existing competitors and at the same time analyse the end user. If the current sales of their competitors in total had not fulfilled the demand of the market, the company may consider it is an opportunities to fill in the gap of the market and earn market share. The available sources of data where company can look for market size information can be varied from government publications, professional custom analysis companies to financial report from leading competitors in the industry.

3.2.2 Market growth

“The expansion of market share by a company, brand or product, as measured by units sold or revenue, achieved through increased consumer demand or competitive advantages.”

(Investorwords.com, 2016)

An essential part of market analysis is to recognize the market growth rate. A company can evaluate their accomplishment in a product line or service by comparing their sales growth rate and market growth rate. A healthy and successful business is when the sales growth rate is bigger or equal to the market growth rate, while a struggling company recorded a smaller growth rate in sales than that figure of the market. By keeping track of the market growth rate in contrast with own company sales growth rate, a business can monitor and redirect business plan to improve their performance in the market. More importantly, company can detect the fails and causes in the operating process as soon as a lower sales growth rate than market is recorded. Investor can also look at the correlation between one business sales growth over the market growth ratio to make the decision weather or not to invest in an enterprise. However, it is complicated to predict a comprehensive market growth rate in a fluctuating business environment. The common ways are to examine the market growth rate of a product is to study the past data of the expansion or decline of the market or adopt the calculated rate of a competing product in the past (Small business 2011).

3.2.3 Industry cost structure

This is one of the key success factors and importance business intelligence not only to determine your product cost advantage but also to know your competitor's cost structure to compete in the market. The proficiency of knowing your opponent cost structure give your company a long-term advantage in formulates and monitor pricing strategies, especially for newcomer in the market (Study 2015). Recognition of key cost structure of your competitors can give a comparison and suggestion of own company strengths and weaknesses. Beside, this cost awareness could bring the company the chance to actively attach added value activities or features that differentiate their products or services in the market. Nowadays, qualified research company can employ cost structure analysis.

3.2.4 Distribution channels

It is importance for company to inspect their possible distribution channels thoroughly as it is one of the 4 Ps of marketing mix - placement or distribution. The channels decide in what way a company want their customer to receive or experience their products or services, depend on business's strategies or features of the products. Small and medium companies are more vulnerable under the impact of different distribution channels, including the direct effect on profit margin, brand recognition and customer reference. Forms of distribution channels varied from online, real store, direct sale representative to wholesaler and retailer. For company that first enter a market, or in particularly a market that is totally different from the familiar market, distribution channels had to be very carefully selected based on the knowledge gained from comprehensive market research and financial budgets.

3.2.5 Market trends

Trends in one industry can be divided into short, intermediate and long-term trends. In an industry, there could be many different trends that occurring at the same time (Birn 2004). These trends can affect prices, demand for variety or create needs for complimentary products or services. However there are four major factors that drive and shape the flow of trends in one industry. The four factors are: government forces through the monetary system, international transaction through import and export, speculation and expectation, supply and demand. Each of the above factors is closely linked and affect others factors in the real life economy life and create the complexity in predicting new trends. Nevertheless, by anticipating the possible changes in the market, companies are given chances to capture profit and potential threats.

Above are the key success factors that help a company to have an idea about market research and reach its marketing objectives.

4 Empirical study

4.1 UK food supplement market analysis

The following chapter will focus on the research study of the UK dietary supplement market. The study result will describe the market in overall, the attractiveness, market size, the growth of market, major competitors in the market, current and future trends. The market research will give a helpful insight for not only case company but also any company that is interested in entering UK market. By conducting an analysis in the target market, company is raising its chance to adopt the ideal market entry that can avoid the maximized amount of risks, suitable for the company budgets and goals. In added, this provide a good foundation for any company to develop their long-term strategy in an active, attractive market of UK.

4.2 Definition

Food supplement (dietary supplement) are sources of nutrients or other elements that concentrated and produce in a dose-form, for example pills, gel capsule, liquid that followed with the measurable doses etc. Food supplements will contain nutritional or physiological effect for user who wishes to maintain a satisfactory intake of some certain nutrients.

4.3 Types of food supplement

According to American Diabetes Association, food supplements or nutritional supplements are divided into 5 main types:

- Botanical (contain plant and herb extract).
- Minerals supplement.
- Fatty acid.
- Vitamins.
- Other nutritional supplement.

4.4 The market of food supplement in UK

The following chapter will discuss the market of dietary supplements in UK, including the over market potential and attractiveness, competitors analysis, trends of the field and legislation in the industry. The preliminary market study will give an overview about UK food supplements market and helps the case company in the decision making process to choose not only

the most suitable market entry but also have an insight into the market, which is in a huge culture and geographic gap to the current market of the company. The limitation of this market study will be mainly based on Internet.

4.4.1 Industry overview: the UK's pharmaceutical industry

The pharmaceutical industry was always counted as the key component that contributed UK manufacturing industry. According to Oncology Nursing Society (ONS)' annual business survey, the UK's pharmaceutical industry gained a total turnover of 60.1 billion pounds in 2012. In which manufacture activities earn approximately 26% of the market, wholesale at 57% and distributed medical products at 17% (ABS 2013). Apparently, it is the wholesale activity that was the key area that made the most value of the pharmaceutical market in UK. However in this analysis, the author will focus more in the manufacturing industry side of the market because this factors will be the one that attracted to the case company the most.

When examine the size of an industry within one country's economy, it is define but the contributed portion on Gross Value Added. According the ABS 2014, the manufacturing and raw materials in producing pharmaceutical products calculated at 13,34 billion English pounds on the current currency value in 2013, contributed relatively of 0,8% total economy and 9% of the manufacturing economy in particular (ABS 2014). This number means that the value of medicine products industry in UK that is accounted over half of the telecommunications industry and even cross the triple value of clothing and footwear industry.

The figure below shows the trend in gross value added growth rate, in compare with the range of growth rate in the sub-productions industry. It can be seen from the graph, the growth rate in pharmaceutical manufacturing industry raise constantly in the period 1991-2008 and dramatically increased in the year 2001-2002. After that, together with the economy downturn, the rate had fell remarkably in the period of 2009-2011. Since then, the recovery made the industry look better but still minimal.

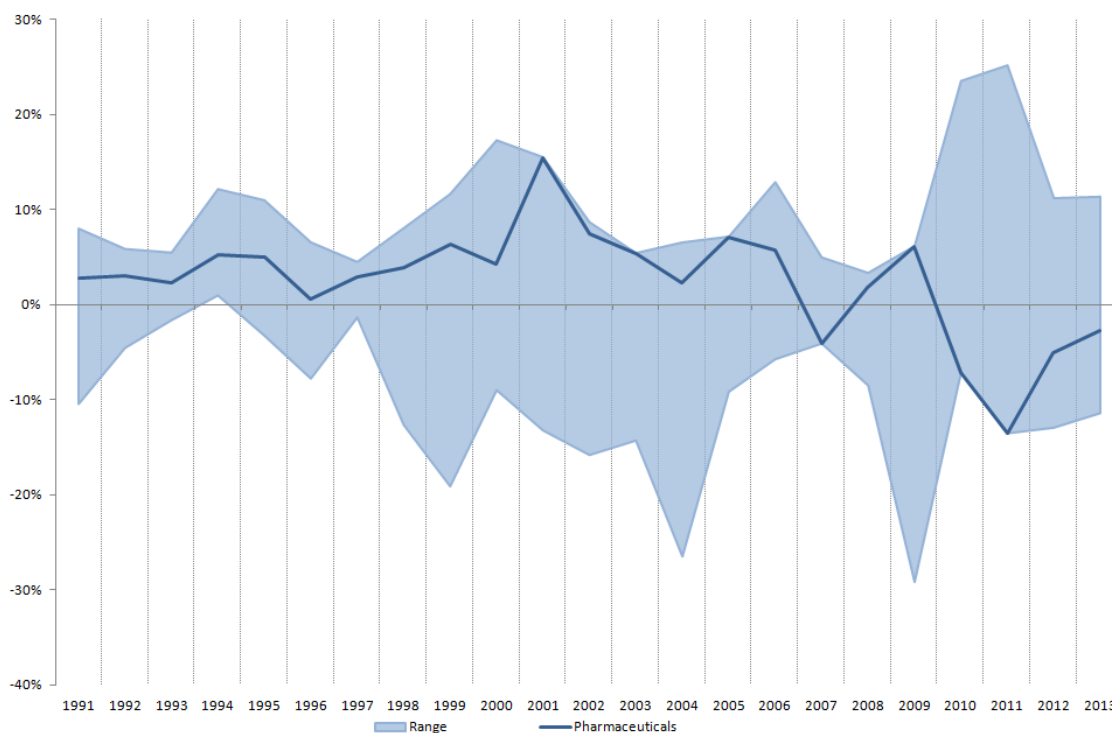


Figure 6: Gross value added growth of the manufacture of pharmaceutical products and preparation compared to range of growth in other manufacturing sub-industries, constant prices (Euromonitor International, Health and Wellness 2011)

4.4.2 UK's food supplements market growth

With the population of 61 billions residents (Wikipedia 2016), UK is one of the world largest and the most competitive market. In contrast to the high educational level compared to the rest of the world, the percentage of overweighted people in total population is also recorded at an enormous number of 39%, making it become one of the major health problems. Aware of these factors, the health living lifestyle trends are recorded to growth just gradually until 2014 and expanded quickly to become one of the dynamic markets (EFSA 2015).

The growth in herbal and botanicals extract products had been documenting at a gradually speed under the effect of emphasis on wellness and good living style in a part of the population. However the growth rate acceleration is still slow, when compared to other species of food supplements and also the previous year. The rising of price sensitiveness running through customer decision-making process also brings this trend. Customer knowledge concerns to herbal and botanical products are still limited. Moreover, in this product area, the manufactures are also tending to be very fragmented. Many of the producers only focus on one product line. These evidences making this market become a niche field with plenty of space to

expand for companies, which is already developed in their product, and product insight of this section.

In contrast to the herbal dietary supplement market situation, vitamins and dietary supplement had proved their importance in a specific social stages and health interests of the UK buyers. The most popular product can be mentioned are vitamin C and its derivatives, fish oils and nutritional supplements that contain fish oils. The growth rate of this market sector is predicted to remain only 1% in the following year (AGR 2011). This makes the competition between the major producers in the market become more aggressive. Most of the biggest manufactures and retailers had already applied drastic measures, such as heavy price discount, cutting cost; promotional activates to draw more of the customer attention.

	2005	2006	2007	2008	2009
Vitamins and dietary supplements	970.7	1,008.2	1,044.7	1,078.5	1,104.6
Herbal/traditional products	606.9	635.9	654.4	669.5	679.2
Slimming products	144.3	143.3	146.1	150.3	152.1
Sports nutrition	118.6	124.7	129.8	135	141.7

Table 1: Health and Wellness Nutritionals Market Sales in UK - US\$ Millions (Euromonitor International, Health and Wellness 2011)

4.4.3 Legislation in the field

The European Commission (EC) represents the authorities in Europe to promulgate the rules and models to help control the dietary manufactured inside the country and the imported products are safe for user and labeled in the right way. In Europe, the main rules related to food supplements is Directive 2002/46/EC and mostly concerns about dietary supplements that contain vitamins and minerals in the ingredient (EFSA 2015). According to the legislation, nutritional supplements are categorized as foods.

It is conventional for any company who want to enter UK market to follow the EC legislation about labeling and strictly stick to the maximum and minimum dose levels of each vitamins and minerals exist in the nutritional supplements. This guideline is Europe-wide and rigorously control due to the fact that excessive intake of any kind of vitamins or minerals can lead to dangerous health issues for customer. The list of vitamins and minerals substances is being updated and evaluate by appropriate scientific organizations. Companies that want to import and marketing products, which are not listed in the permitted catalog, must apply for an approval from EC. The guidance for these application are provides by Scientific Committee on

Food, which stated that the data given in the report supporting for the application must be endorsed by prestige organization.

4.4.4 Market distribution outlook

Company	No. of Stores	Sales Area (sq.ft)	Average Sales Area (ssq.f)	Grocery Banner Sales (USD mn)	Market Share
Tesco	2,753	37,117,806	13,483	49,075	20.8
Sainsbury	961	20,453,400	21,283	24,172	10.7
Asda (Walmart)	383	16,874,001	44,057	22,045	9.3
Co-operative Group	5,428	16,226,929	2,989	11,834	5

Table 2: United Kingdom Top Five Grocery Retailers for 2010 (Euromonitor International, Health and Wellness 2011)

It is noticeable from the table of the five biggest grocery retailers in UK that, the grocery distribution market is very concentrated. These top five companies are already accumulating to 50% of the market share. In which Tesco is the biggest giant with 20.8% of the market share and the largest sales area. The top five followed by Sainsbury with 10.7% and Asda with 9.3% market share.

During the recession period of economy, it is accounted that the sales in retailed food section had remain the same. This is the results of grocers strategies of offering the best value money of customer's best selling items, re-organized their stores to attract more of the time-saving customers, targeting to higher income consumer and developed more product choices of ready-made or takeaway meals.

Among the three giants in UK's groceries retailer, Tesco and Sainsbury are the two that is most suitable for case company strategies and developing intention in the future. Tesco is the chain of grocery market that specialized in both discount and premium products. They also offer a wide variety of distribution channels to customer, for example, convenience stores, hypermarkets, online shopping etc. Sainsbury is one of the UK retailers with a longest history of establishing and developing. Their distributing stores are focusing on healthy foods and supplement products with high reputation of strictly control of quality. Therefore, having products in the shelf of this store can also be a confirmation on product value of a new enterer to the markets.

	2005	2006	2007	2008	2009
Store-Based Retailing	98.4	98.2	98.0	97.8	97.5
Supermarkets/Hypermarkets	71.2	69.8	69.7	69.5	69.1
Discounters	1.7	1.8	2.0	2.0	2.1
Small Grocery Retailers	10.3	10.1	10.3	10.3	10.3
Convenience Stores	6.4	6.6	6.8	7.0	7.1
Independent Small Grocers	2.0	1.9	1.8	1.8	1.7
Forecourt Retailers	1.8	1.7	1.6	1.5	1.5
Other store-based retailing	15.3	16.4	16.1	16.0	16.0
Other Grocery Retailers	9.0	10.1	9.8	9.5	9.5
Non-Grocery Retailers	6.3	6.3	6.3	6.4	6.5
Non-Store Retailing	1.6	1.8	2.0	2.2	2.5
Vending	0.7	0.7	0.7	0.6	0.6
Home shopping	-	-	-	-	-
Internet Retailing	0.8	1.0	1.3	1.5	1.8
Direct Selling	0.1	0.1	0.1	0.1	0.1

Table 3: United Kingdom Fortified/functional Food and Beverage Distribution Retail Sales - % breakdown (Euromonitor International, Health and Wellness 2011)

4.4.5 Competitors analysis

The tables below show the top four brands that are dominating the market of herbal and traditional products together with their market shares and top three brand that is winning the vitamins and dietary supplements market. The companies are considered the leading players in this market and the major competitors of the case company when entering the market.

Brand	Company name (GBO)	2006	2007	2008	2009
Halls	Ernest Jackson Ltd.	11.6	10.8	10.4	10.6
Tunes	Masterfoods UK Ltd	6.1	6.2	6.1	6.1
Lockets	Masterfoods UK Ltd	5.0	4.7	4.4	4.4
Senokot	Reckitt Benckiser Plc	4.1	4.0	3.9	3.9

Table 4: United Kingdom Top 4 Herbal/Traditional Products Brand Shares (by Global Brand Name) Retail Sales - % breakdown (Euromonitor International, Health and Wellness 2011)

Brand	Company name (GBO)	2005	2006	2007	2008	2009
Holland & Barrett	NBTY Inc	13.9	13.7	13.5	13.3	13.2
Boots	Alliance Boots Plc	-	9.3	9.4	9.5	9.6
Seven Seas	Merck KGaA	6.5	6.4	6.4	6.4	6.5

Table 5: United Kingdom Vitamins and Dietary Supplements Top 3 Brand Shares (by Global Brand Name) - Retail Sales - % breakdown (Euromonitor International, Health and Wellness 2011)

4.5 Implementation plan

4.5.1 Company overview

Established 50 years ago, Danapha is one of the tops leading pharmaceutical company in Vietnam nowadays. The company has a globalization goal and ambition to become a popular brand in Asean (Danapha 2016).

The company is specializing in producing oriental medicine, herbal medicine, digestive medicine and vitamins supplement. The ingredients are strictly controlled from the growing field to the factory therefore maintain the evenly quality of each products. The company is the first one to achieved GMP-WHO (Good manufacturing practice) certificate in Vietnam for its independent, self-contained factory of Herbal/traditional medicines. Nowadays, all factories of the company are holding GMP-WHO certificate (Danapha 2016).

The company is now producing ten types of product line, with almost one hundred kind of products in total. The target products for exporting at the moment are herbal/traditional medicine, digestive medicine and vitamins supplement.

4.5.2 Product description

As mentioned in the previous parts, at the moment, the main focused types of products that company is planning to export are vitamins and herbal medicine.

There are sixteen different types of product in the herbal market that company are producing and developing. In which, Artisonic, Cholestin and Terkumin are the best seller is recent year. Herbal supplements are differentiate from other groups of food supplements because they can contain medicinal and treatment value. Herbal medicines are actually the ancient types

of treatment that was use throughout human history and put the foundation for study of modern pharmaceutical industry (Helpguide 2015). Aritisonic contained the extract from Herba Polygonum and Rhizoma Curcumae, its use in body function is to replenish the liver function and treat allergies caused by liver disorder: itch, boil, jaundice. One of the advantage of herbal medicine is that it is all from natural sources and very user-friendly. The uses of one kind of herbal medicine are not always fixed but it can be also assistance for the treatment of other diseases. Cholestin for example can be use for the treatment of hypercholesterolemia, prevent of arteriosclerosis, hypertension or also supportive treatment of obesity, a very popular modern phenomenal in today's life. Terkumin is adopted to treat riased liver enzymes, detoxify function of the liver and protect it by avoiding the activity of the harmful effects of alcohol and drugs etc.



Picture 1: Danapha's Herbal and traditional medicine products (Danapha 2016)

4.5.3 Marketing plan

After conducting the market research in UK's food supplements market, it is logical and possible now for the company to move on the stage of planning their products loach in the market. The nature and characteristics of UK pharmaceutical industry need to be consider when dealing with the decision making process of which market entry method should be adopt in the first pace. The liberalization of UK medicine retail market make the option of direct export and having an independence sales representative become possible and contain very little barriers if the company can prove their eligibility.

However when consider other factors such as company market knowledge, current financial situation and the advantage of reaching the top country product distributor, the convenience of exporting through a retailer can overwhelm the disadvantage. In the long-term strategy, investing in building independence sales representatives could seems to be more effective and controllable, however, by choosing local retailers, company can relieve the stress in many departments: marketing, sales, management and personnel pressure. It is even more favorable when the market research has stated that the distributing branch in UK retailing market is fairly concentrated with retailers who own more than 20% and 10% of market shares. This fact made the importance of reaching the top retailer in UK market such as Tesco and Sainsbury even more emphasis and become one of the key success element for the company at this scope of time.

Additionally, when examine the UK's nutritional supplement market, it is recognizable that the competitiveness are more intense in Vitamin and dietary supplements sub-market. logically, it is reasonable for the company to re-evaluate the plan of exporting vitamin supplements together with the herbal products. Even when the company is holding the superior position in price range, it will be more concentrate to focus on one product line. Company is having a long-term strategy in exporting their products to Europe market, it would be more practical to take small step in exploring new market purchasing power, buying habits and preferable references before expanding their range of products.

5 Conclusion and recommendations

In conclusion, the main purpose of this thesis is to find the answer for the case company, Danapha, question of weather or not there are possibilities and opportunities for the company to enter the market of food supplement in UK. The analysis had present the theories used of conducting market research ,business plan, marketing plan and followed by the framed market research of UK's pharmaceutical industry in general and food supplements products in particular.

Based on the data and information gained about the market of medicine in UK, the company can acquire more knowledge on the market of targeting, UK, besides understand the difficulties and opportunities when entering a market with high level of competitiveness. Distributor analysis, furthermore, give an overview on the giants of retail companies in the market at the moment, play an importance role in the decision making process.

The most importance suggestion for the company when evaluating their decision of choosing their target products to loach in UK nutritional supplement market is, their strongest products line at the moment is herbal and traditional products; this products have the highest possibili-

ties to gain more success since the reputation for the source of ingredients is highly recognized and the competitiveness in the market is considered low at the moment. Vitamins, one of the importance product that are being intended to export, on the other hand, should be postponed due to the aggressiveness of the market and since company reputation will be effected if one product line is not impressed enough in the first pace of entering a market.

6 Summary

This thesis is conducted based on author interested in Vietnamese company which had intentions and consideration in entering European market and stimulated by Danapha pharmacy company. The representative of the company, Mt Van Ai was agreed on supervise and giving information needed to compete the thesis, however, this does not make this study a commissioned work. The author of the thesis is self-motivated and conduct the thesis based on the information given.

This thesis purposes focus on the market study of UK's food supplements products and base on the result of the study, suggest a preliminary marketing plan for the case company. The outcome of this thesis may also serve as a preparatory for anyone who interested in conducting a market research on dietary supplement field or particularly in this sector of UK market.

The first main context of thesis concentrated on the theoretical approach regarding how to make a market research study and the common framework of business plan, including marketing plan. This chapter suggest several attentions when handling a market research and stated out the importance of market research for organizations. Moreover, the outlined theories in writing a business plan helps to contribute and prepare for audience the basic knowledge to follow the logical flow.

Last but not least, in the empirical part, the market of nutritional supplement in UK was examined from industry level to the detailed market using the marketing tools. Based on the results, an elementary marketing plan is designed to the case company to satisfy the intentions of exporting local products of food supplements to UK market in consideration of different factors, such as, financial, management and company's strategy.

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Illustrations

Picture 1: : Danapha's Herbal and traditional medicine products

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Figure 2 : Thesis's structure

Figure 3: Structure of Business Plan based on Brian Finch theory

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Appendices

A. Case company

Danapha Pharmaceutical JSC

Website: <http://www.danapha.com/eng/>

Address: 253 Dung Si Thanh Khe, Da Nang City

Contact: info@danapha.com

Phone: (+84)511.3757676

B. Interview questions

1. Interviewing case company representative (via emails)

- What is the current developing attention and projects in your company?
- Would it be possible for the author to conduct a study-format thesis concerns the company intention to export some chosen product lines to Europe?
- What are your strategies and major target market?
- What are your main products?
- What might be your ambitions, plans, your strategies in the future?
- What is the budget for this project?

2. Interviewing Qualities Manager (via emails)

- What are the main products to export and what are the uses of them?