

## CHAPTER 1

### INTRODUCTION

The dietary supplement industry is a huge and lucrative industry in many countries. Many foreign as well as local companies compete in this industry with the foreign companies dominating the industry with many well-known brands. As competition is highly intense between companies to market their products, having a better understanding of the consumer behavior in this market is definitely an advantage for any company who wishes to market their range of dietary supplements successfully.

Dietary supplement is defined under the Dietary Supplement Health and Education Act (DSHEA) 1994 in United States as a product taken by mouth that contains a "dietary ingredient" intended to supplement the diet. These may include dietary ingredients such as vitamins, minerals, herbs or other botanicals, amino acids, substances such as enzymes, organ tissues, glandular, metabolites, extracts or concentrates. Products such as ginseng, garlic, fish oil, psyllium, spirulina are also considered as dietary supplements.

Dietary supplements may be found in many forms such as tablets, capsules, softgels, gelcaps, liquids, or powders and are easily available from pharmacies, health food stores, clinics, Chinese medical halls, supermarkets/hypermarkets or even from many direct-selling agents in Malaysia. In Malaysia the dietary supplement market is huge where in year 2003, the private sales alone is RM58 million and is expected to grow further

over the years (IMS 2003). Among the well-known dietary supplement brands in Malaysia Kordel, Blackmores, Seven Seas, Pharmatton, Redoxon, Natopherol and brands like Nutrilite, which are marketed by direct selling company such as Amway. It has been found that all Malaysians spend an average of US\$17.30 a month on dietary supplements based on a study conducted by a Singapore health food company recently.

Table 1.1 below shows the sales of dietary supplements in the private market in Malaysia from year 2000 to 2003. Specifically the dietary supplement products in focus are the vitamins, minerals and tonics. However, the sales figure here would exclude all dietary supplement sales from direct selling companies which are not available for reference. Vitamins and multivitamins are the biggest products in the dietary supplement market in Malaysia where it occupies more than 80% of the market.

Table 1.1

Dietary Supplement Sales in Private Market In Malaysia (2000-2003)

('000)	2000	% MS	2001	% MS	2002	% MS	2003	% MS
Vitamins	34,975	55.6	33,360	60.9	32,649	58.3	33,680	59.9
Multivitamins	16,655	26.5	13,320	24.3	15,176	27.1	15,024	26.7
Mineral	8,095	12.9	6,055	11.1	6,602	11.8	6,090	10.8
Tonics	3,178	5.1	2,039	3.7	1,608	2.9	1,418	2.5
Total Private Market	62,903	100.0	54,774	100.0	56,035	100.0	56,212	100.0

Source :IMS Plus MAT Q4

There is increasing trend among Malaysians to use dietary supplements and herbal medicines to improve well-being. Some popular herbal products used are products such as ginseng, ginkgo biloba, evening primrose oil (EPO), echinacea extract and spirulina. This increase in demand for dietary supplements is due to the ever-increasing varieties of dietary supplements introduced by a fast expanding number of manufacturers that in turn have become much more efficient in launching such products. Two underlying factors contributing to the strong growth for dietary supplements are consumers are becoming more aware of the availability of supplements that might contribute significantly to physical wellbeing and also there was a marked increase in the development of products that are cannibalising sales of traditional formats of supplements such as ginseng and ling zhi.

In Malaysia, dietary and health supplements that contain 100% active ingredient (including vitamins, minerals, amino acids, fatty acids or enzymes) have to be regulated by the National Pharmaceutical Control Bureau as a drug. Products that contain more than 20% active ingredients and less than 80% food-based ingredients are also classified as a drug. Some countries put supplement as a food, some countries put them under over-the-counter. Different countries have different regulations. This inconsistency has created loopholes in the international trade of dietary and health supplements where consumers may be at risk of purchasing unsafe products especially with the proliferation of drugs and supplements being sold online.

## **1.1 OBJECTIVE OF STUDY**

In Malaysia, there is lack of studies on psychographic profile of over-the-counter (OTC) pharmaceutical product consumers and even fewer publications on psychographic profile of dietary supplement users. It would therefore be of interest to obtain a psychographic profile of dietary supplement users so that effective marketing strategies could then be designed to reach the consumers.

This study will attempt to provide a better understanding of the behavior of dietary supplements users. Specifically, this study will attempt to distinguish consumers along demographic characteristics and psychographic dimensions in regards to dietary supplements. A better understanding of consumer lifestyle profiles coupled with better insights on consumers will allow marketers to position their products better in the mind of the consumers.

This study will be conducted with the following objectives in mind.

1. To identify the behaviour of dietary supplement users in terms of their purchasing and consumption
2. To identify the differences between regular and non regular users of dietary supplements in terms of demographic and psychographic characteristic, and
3. To suggest some marketing implications from findings of this study for marketers to think about when marketing dietary supplements.

## **1.2 SIGNIFICANCE OF THE STUDY**

Psychographic profile based on life style dimension of dietary supplement users would be of special interests to anyone who manufactures, markets or advertises dietary supplements. Retails outlets selling dietary supplements such as pharmacy, direct selling companies promoting their dietary supplements and publishers of health magazines would definitely find the study useful.

Marketers can use the survey results to identify market potential for their products. This would enable the research and development department to develop appropriate products for the market. Companies can also use the findings of this study to better position their products to customers.

Marketers are most effective when they know their target customers well. Psychographic information from the study can help to identify various segments of dietary supplement users for effective marketing action. Results from the study would also help advertising agencies develop their advertising strategies and copy. Media selection for dietary supplement advertisements could also be based upon the appeal directed toward the selected target audience and their lifestyle.

Results from this study can also be used by marketers to make decisions on marketing channels. For example, the marketer can evaluate the possibility of distributing dietary supplements by direct selling or mail order in addition to traditional outlets like using pharmacy or health shops.

### **1.3 ORGANISATION OF THE STUDY**

This study is organised into five chapters. Chapter 1 introduces the area of study specifically on the dietary supplement market in Malaysia. This includes a discussion of the objective and significance of the study. Chapter 2 discusses the psychographics concept or life style in detail. This would include understanding psychographics/lifestyle and demographics better and its application in research. Finally, this chapter closes with a literature review of psychographic studies done in general in Malaysia and on dietary supplement users. Chapter 3 describes the research methodology for this study. This would include data collection technique in detail. Chapter 4 analyses the research result in detail while Chapter 5 concludes with a summary of the study, implications of the finding, limitations and suggestions for future research.