



# Bringing the Best of China to the U.S. Natural Health Market: Three Keys to Find Success



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China Natural Ingredients Industry Conference  
Handan, China  
October 26, 2017



# Outline

- Introduction to UNPA
- The role of Traditional Chinese Medicine
- U.S. – China relationship/collaboration
- Joint concerns: technology, trade, environment
- U.S. trends
- Growing the China “brand”

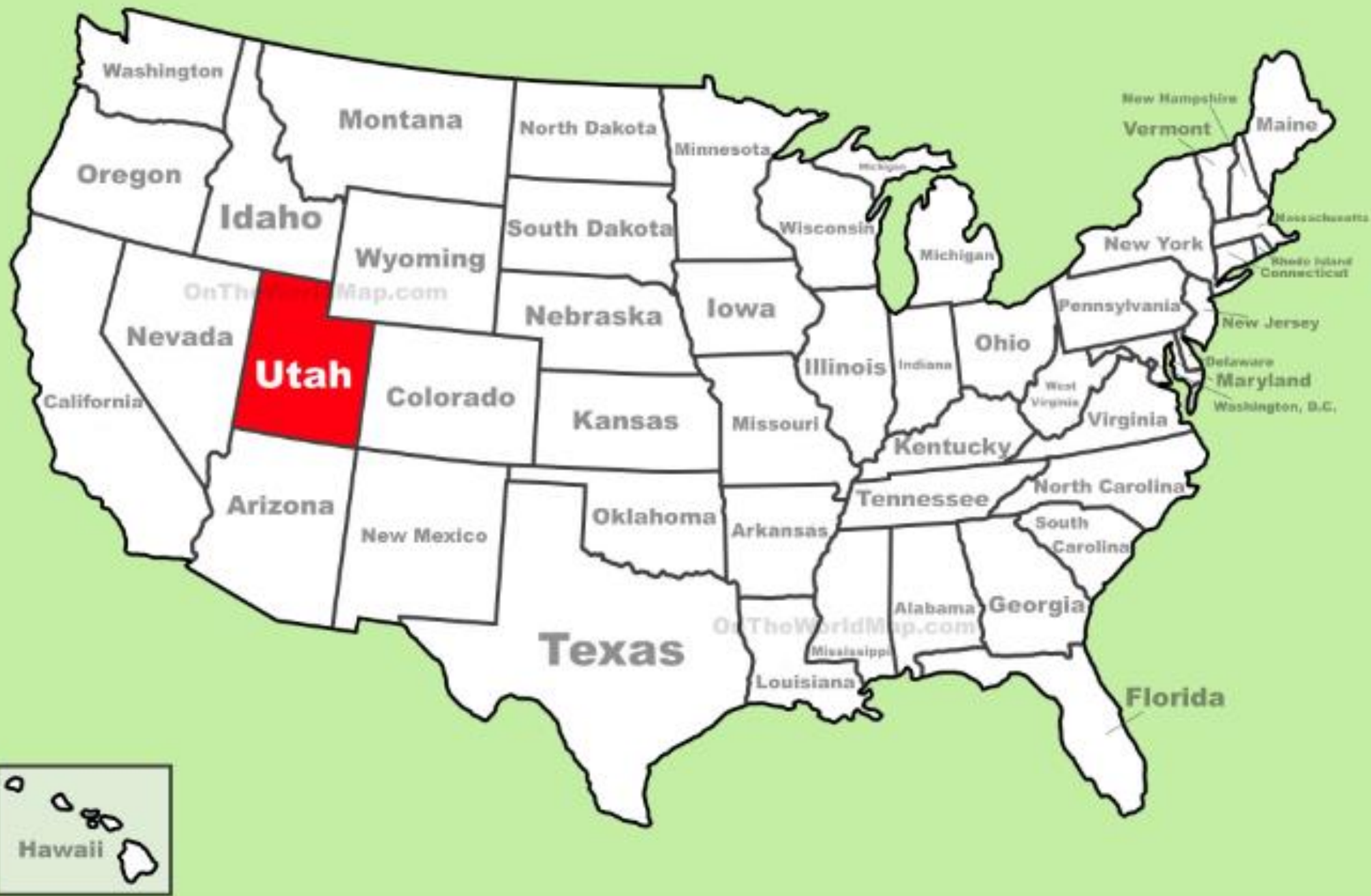


Supporting safety, science and quality in natural health products since 1992.

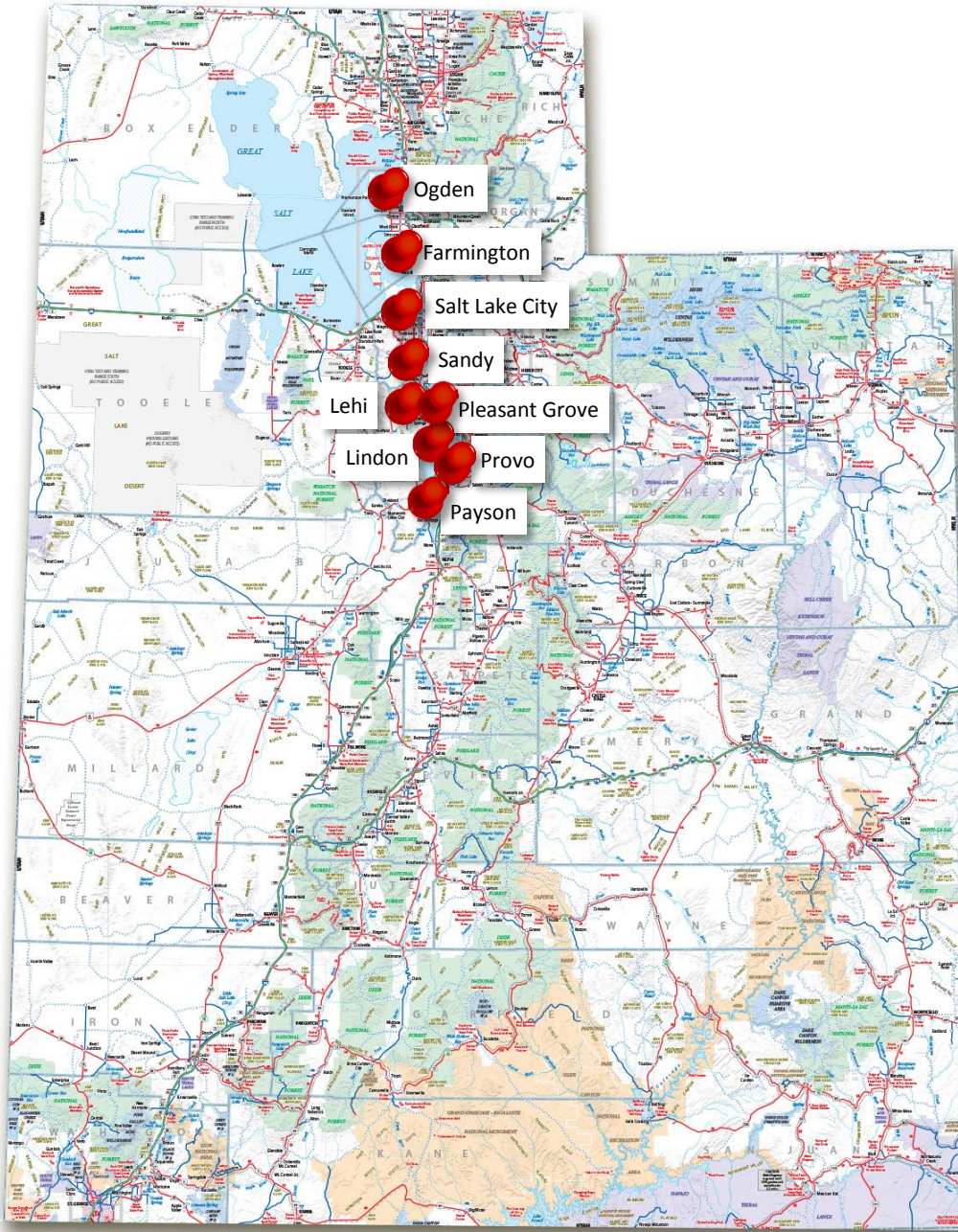


UNPA is located in Salt Lake City, Utah, the epicenter of the dietary supplement market in the United States



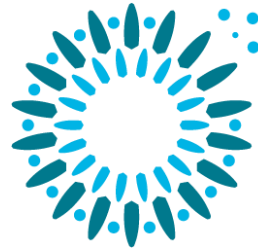


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more than 100  
companies  
worldwide,  
with 20 of our  
members in  
Utah

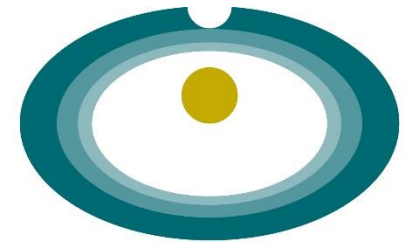


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中国营养保健食品协会  
China Nutrition and Health Food Association

# Traditional Chinese Medicine

- China and U.S. share relationship in DS “health products”
- Many U.S. products are derived from TCM: Goji berries, schisandra, rhodiola, green tea, ginseng
- Development of functional foods
- Interest in preventive medicine, being more proactive and engaged in self help



## Traditional Chinese Medicine firms should target international dietary supplements market, China Premier says

By Millette Burgos, 02-Feb-2017

Related topics: Markets

**China's Premier Li Keqiang says Traditional Chinese medicine (TCM) manufacturers should look to develop mainstream dietary supplements using Western medical knowledge in order to boost export potential.**

Speaking on recent visit to the Yunnan Baiyao Group Co – a supplier of TCM products which claim to stop wounds bleeding, he said: *"I hope your company can introduce innovative ways from Western medicine to make such products."*

Li added that TCM has great potential to develop dietary supplements to expand reach in overseas markets.

Yunnan Province is famous for its abundant medicinal plant species, and the Yunnan Baiyao Co has collected more than 100,000 plants used for medicinal purposes.

The company is also supplying bandages, toothpastes and curing sprays for sprains.

*"Many companies around the world are using natural plants to make medicine. So I hope your company can make more progress in the Chinese market and expand in the international market,"* Li said.

## Traditional Chinese medicine seeks clinical legitimacy

Herbal remedies should be tested to prove their worth, says leading manufacturer



Traditional Chinese medicine is estimated by analysts to account for a third of sales in China's \$117bn pharmaceutical market © EPA

# The China-U.S. Supplement Bridge

- 80% of supplement ingredients come from China
- DSHEA/FSMA supply side compliance, training issues
- Chinese investments/purchases/licensing with U.S. companies and facilities
- The China > U.S. food trend
- The China > U.S. > China supplement trend

# Building the U.S. - China Bridge

UNPA's 2017 MOU with  
China Nutrition and Health Food Association



中国营养保健食品协会  
China Nutrition and Health Food Association



U.S. Embassy  
Beijing, China  
March 21, 2017

UNPA partnered with Herbridge Media to produce a 16-page special section in the Fall 2017 issue of Asiaceutical Insights

**Asiaceutical Insights**  
Quarter 3rd, 2017 · Issue 13

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# THE U.S. DIETARY SUPPLEMENT MARKET: AN OVERVIEW OF ISSUES AND TRENDS

A special section in the 3Q2017 issue of *Asiaceutical Insights*



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CRB

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National Center for Natural  
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Published by the  
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[tinyurl.com/unpa-asia](http://tinyurl.com/unpa-asia)

# Shared interests & concerns

- Chinese ingredients from China—ingredient partner, critical dominant player, innovation partner
- Quick turns with developed infrastructure, able to make complex ingredients/DNA sequencing

# Shared interests & concerns



- Systems to jointly protect air, land water (non-GMO, organic, FSMA)
- Open, transparent supply chain
- UNPA objective is to train NP industry on FSMA, builds trust—takes filters off, protects everyone in system

# U.S. market trends

- Food Safety Modernization Act implementation
- Consumer trust issues
- Non-GMO, synthetic biology
- The impact of technology

# FSMA: foods *and* supplements



**Food Safety Modernization Act**



# U.S. consumer trust: “Trusted quality”

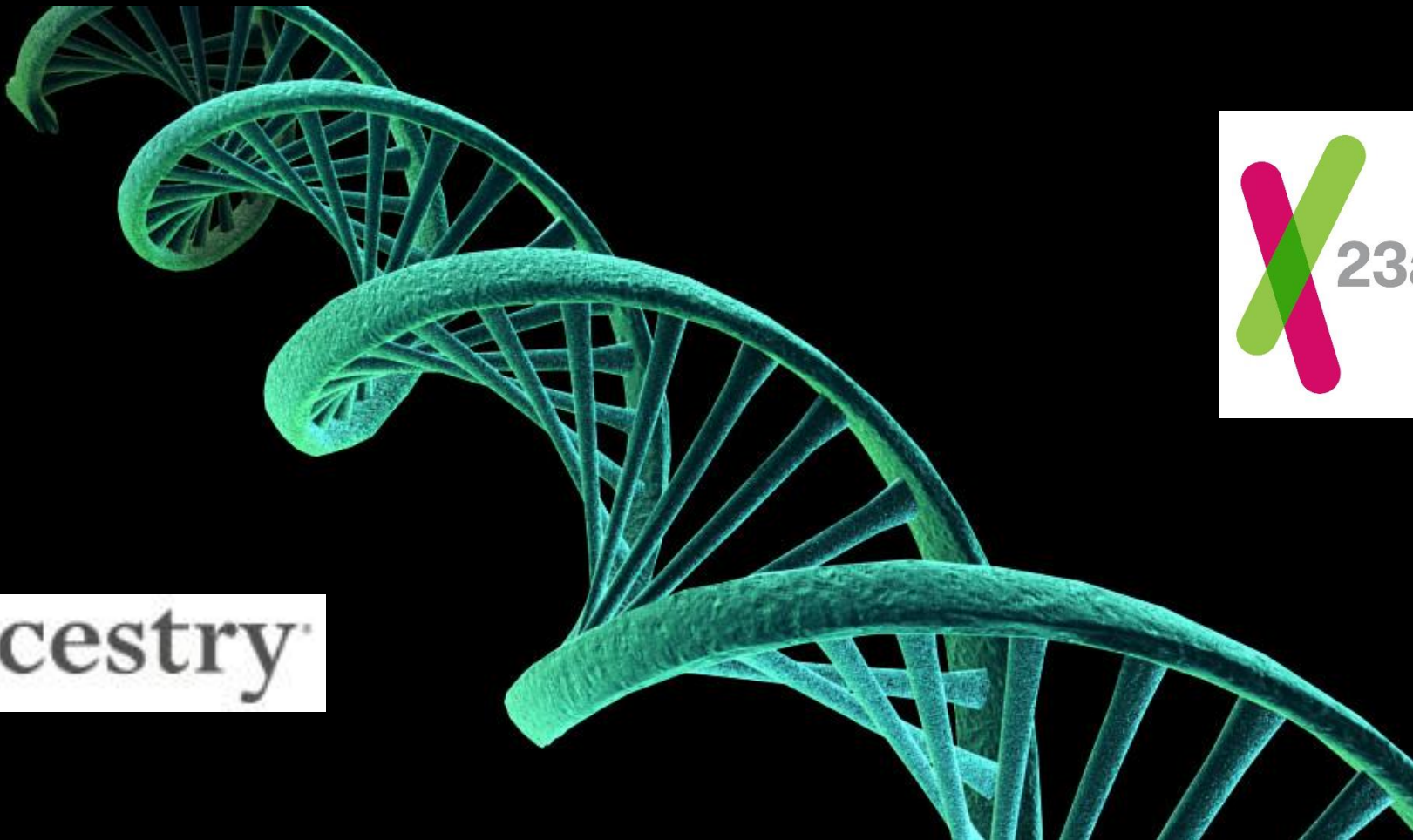


# U.S. consumer trust: “Trusted quality”



FDA FOOD SAFETY  
MODERNIZATION ACT

# Consumer Trends: Genetic Testing



# Market consolidation/technology



+



# The China “brand”

- New efforts to create China branding in the U.S.
- You trust that companies have *quality*—it is mandatory in U.S. for success
- China been playing economic catch up for years—you are there now
- Focus on building trusted, innovative brands
- The China brand will really matter, but how it is perceived in the U.S. is extremely important

# “Country of origin” study, 2007



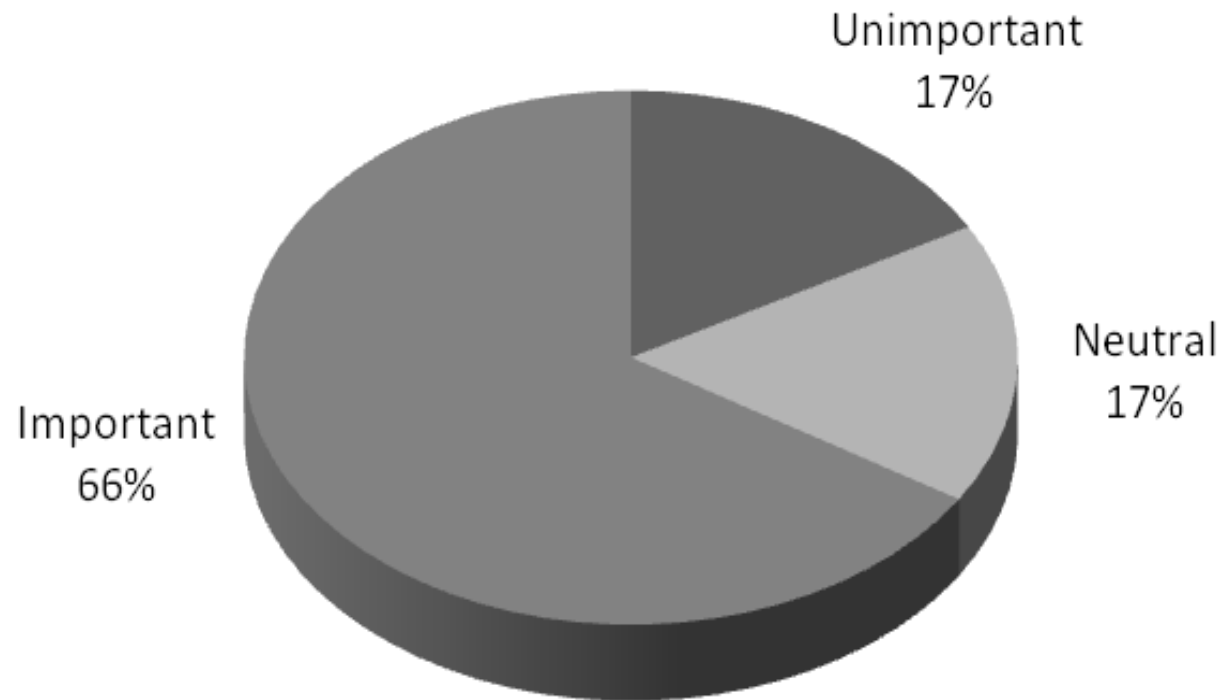
“The 80/80/80” rule: How U.S. consumers perceive “Made in China” products

# “Country of origin” study, 2007

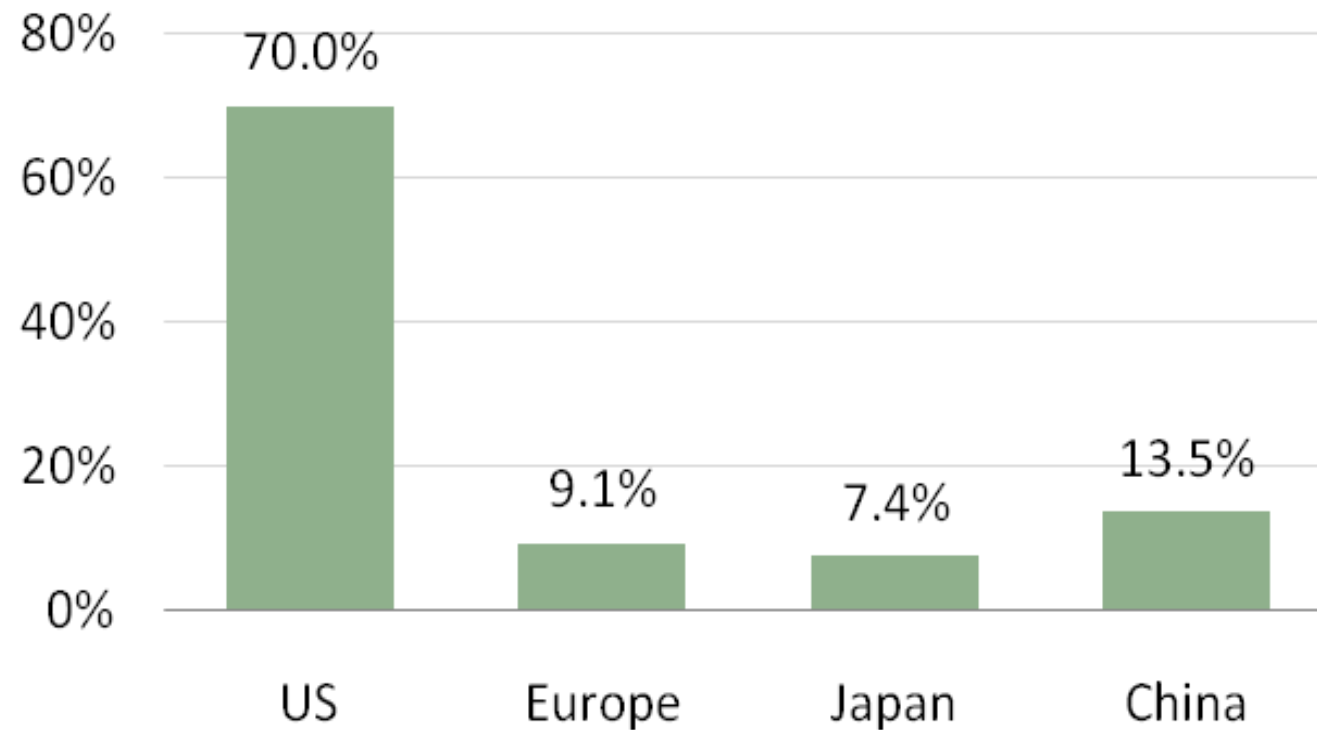
- Understanding the country of origin is very important to consumers
- U.S. consumers believe the majority of the ingredients in their dietary supplements are made in the U.S. and very few come from China
- A U.S. ingredient origin statement on supplements may make the consumer significantly *more* likely to purchase a supplement
- A Chinese ingredient origin statement may make the consumer significantly *less* likely to purchase a supplement

# Importance of Understanding DS Country of Origin

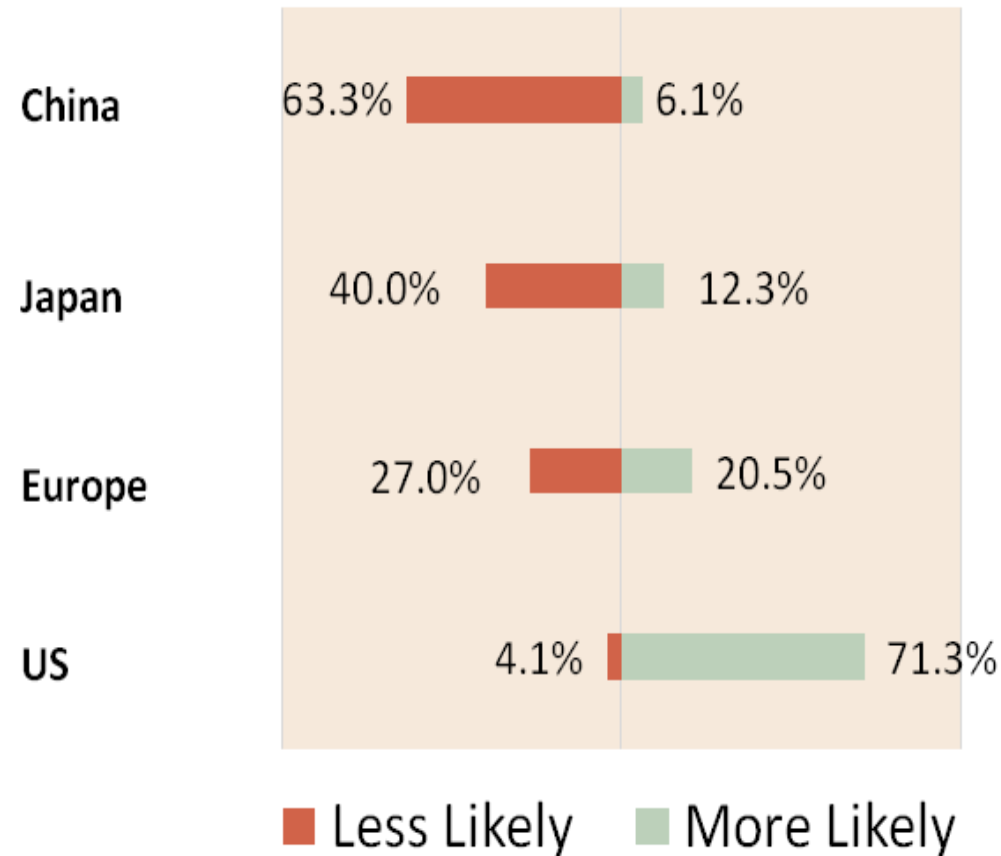
*Consumer survey taken November 16 and 17, 2007. Results are based on a nationally representative sample of 1,075 respondents, 47.6% of whom identified themselves as users of dietary supplements at least once per week.*



# Perceived Country of Origin of DS Ingredients



# Purchase Intent Based on Knowing Country of Origin



# “Country of origin” study, 2007

80% of U.S. consumers believe the ingredients they consume are made in the U.S.

Yet, 80% of these ingredients are produced in China

For 80% of our consumers, once they are told these ingredients are from China, their level of concern rises by 80%.

UNPA  
attended the  
SupplySide  
West  
tradeshow in  
Las Vegas,  
Oct. 25-29

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Vol. 22, No. 5  
September/October 2017  
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A look at the changing landscape  
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This ad appeared in the show program, promoting the “China Brand,” for the first time in the U.S.



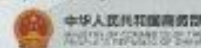
# CHINA BRAND

With general acceptance of “Green & Natural” concept, natural extracts are widely applied to health food, pharmaceuticals, and cosmetics, shaping a huge market. Thanks to two-thousand-year-old herbal tradition, China gains natural advantage in the area, featuring its abundant resource and mature skill. China is now the major export of natural extracts. In order to improve sustainable development, the whole industry is in deep need of promoting its image overseas.

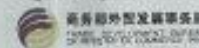
In September 2017, aiming to cultivate new competitive edge in trade and to market self-owned brand, China Pharmaceutical Ingredients Brand Pavilion is set up at SupplySide WEST (Las Vegas), sponsored by Ministry of Commerce of the People's Republic of China (MOFCOM), organized by Trade Development Bureau (TDB) of MOFCOM and China Chamber of Commerce for Import & Export of Medicines & Health Products. The Pavilion gathered leading companies like Chongqing Joywin Natural Products Co., Ltd. and Layn Inc etc., since good quality ensures good brand. In the meantime, matching events, seminars and market promotions are held to enhance better communication and cooperation between China and overseas health industry.



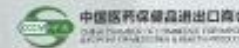
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# The China “brand”

- UNPA has been visiting China for many years
- We are pleased to have Herbridge Media as a media partner
- We are here to help: many large companies in China but with very little awareness in the U.S.
- It's time for Chinese natural products to go global!

# In conclusion

- We hope to foster and grow U.S. – China relationships/collaborations
- We hope to further the growth of Traditional Chinese Medicine
- We share a number of interests and concerns
- We look forward to working with you to grow the Chinese dietary supplement industry!

谢谢



Thank you!

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