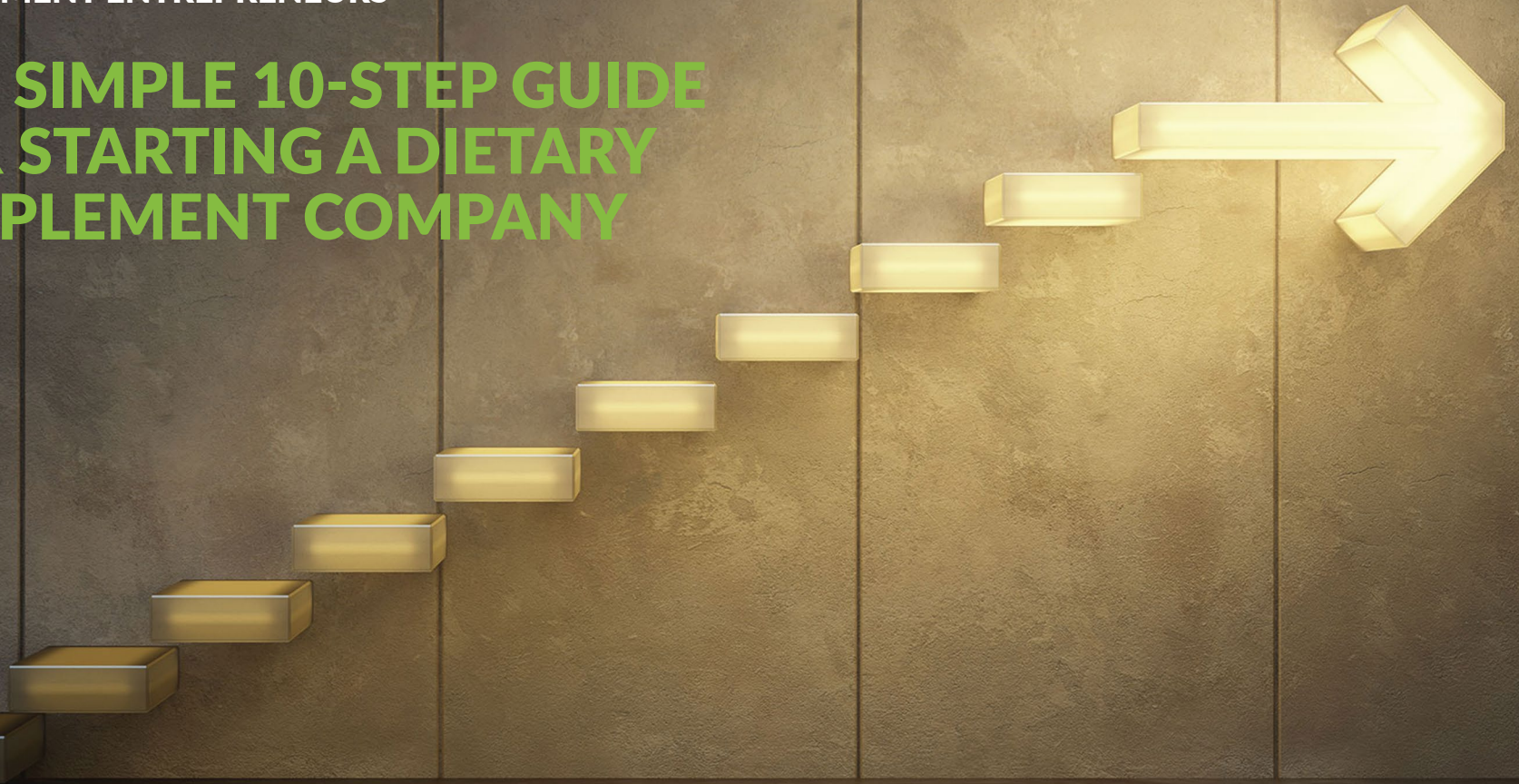


SUPPLEMENT ENTREPRENEURS

**THE SIMPLE 10-STEP GUIDE
FOR STARTING A DIETARY
SUPPLEMENT COMPANY**

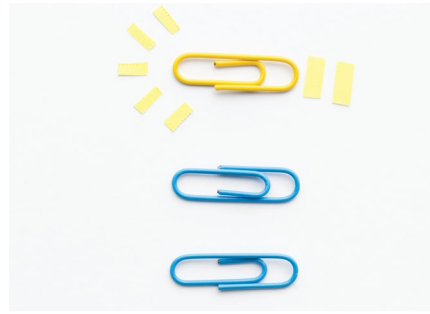


A TCC COMPANY

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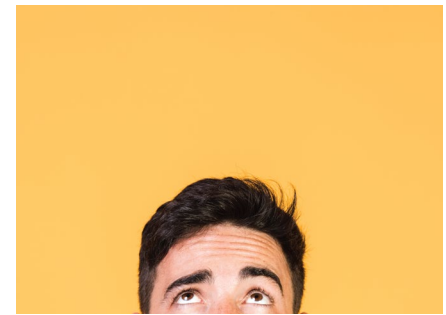
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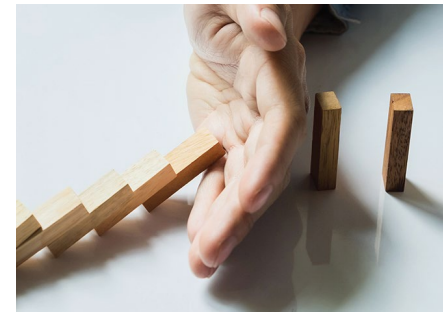
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Mistakes to Avoid When Starting a Supplement Company

Introduction

What Should You Know Before Starting a Successful Supplement Company?

Starting a supplement company is more work than it seems...

The reason why?

Turning a good product idea into a good business calls for a much larger set of skills. First of all, while speaking to a manufacturer, you should be crystal-clear about what you do and do not want in your product. Moreover, distribution, marketing, legal matters, customer service, financial planning and your sales process have all got to be in sync for the project to work.

Getting all of these variables to line up isn't an easy task, but it can be done. If planned and implemented strategically, smart ideas like making and selling your own supplements can help you generate hundreds of thousands of dollars every month with a small investment.

Let's walk through the process of how to go about building a dietary supplement line from the ground up:

- Step 1: Identify your audience
- Step 2: Decide on your customer acquisition model
- Step 3: Comprehensive competitor analysis
- Step 4: Making your own supplements
- Step 5: Identify the right supplement manufacturer
- Step 6: Creating your supplement label
- Step 7: Naming your dietary supplement brand
- Step 8: Finalize your supplement marketing plans
- Step 9: Finalize your fulfillment plan
- Step 10: Begin selling!

SUPPLEMENT ENTREPRENEURS

THE SIMPLE 10-STEP GUIDE FOR STARTING A DIETARY SUPPLEMENT COMPANY



Step 1

IDENTIFY YOUR TARGET AUDIENCE

It is a crucial step and a common oversight most new entrepreneurs tend to make:

- Not having any target customers - Who exactly are the people who would like to buy your product? Vague target customers (e.g. "health conscious woman" is not a viable target customer group)
- Establishing target customer after making the product (big mistake)

With properly defined target customers, you should be able to answer the following 5 questions:

1. Who are they?

If you answer this question correctly, 'they' should be a group of people that are either united by (at least one) common activity, profession, or health issue (athletes, sportsmen, vitamin deficiency, insomnia, etc.)

2. What are the needs waiting to be fulfilled or pain areas that you can focus on?

Working backwards from the constraints customers face when making a decision is a great way to answer this question. A great

example: Are vegans lacking adequate choices of joint health products (did you know that most glucosamine is derived from crustaceans?)

3. Where do they buy their products?

Typical answers here often include specific retail outlets, healthcare practitioners, distributors, websites, catalogs, and events.

4. Where do they obtain information about their products?

This will allow you to identify where you should advertise. Answers to this question should be qualified into the devices and the specific platforms used - websites, blogs, social media platforms, phones, television, magazines, trade publications for professionals, or classes of professionals.

5. Will I be able to solve my target customer's problem?

Unfortunately, some problems exist because there is no reasonable or affordable way to solve them. Don't put yourself or your product into that category.

A great way to find answers to these questions is by asking people you know in your market segment. You can also conduct a consumer survey using readily available tools like [Survata](#). Spending a few months of effort and a few hundred bucks can give you right answers to these questions, saving you a lot of heartaches by helping you identify **mistakes you should avoid as a supplement brand owner**.



Step 2

DECIDE ON YOUR CUSTOMER ACQUISITION MODEL

When it comes to finding customers, there is no right or wrong way, but there is a golden rule for choosing the method that's best for you and your product: Pick the one you can do/work with best.

Here's a brief overview of some of the most

popular options:

- Pay-per-click
- Blogging
- Media buying
- Setting up your brick and mortar store
- Direct sales
- Starting your website
- Selling your supplements on e-commerce platforms like [Amazon \(Download Our Free Guide\)](#)
- Trade shows

A zen-like approach (and some more research) works great when it comes to choosing the method that's best for you. Analyze the required efforts vis-à-vis the cost and profitability. Do not hesitate to experiment with multiple marketing tools and compare the results. It will help you select the one that suits you the best. What instinctively feels "right" is probably your sub-conscious leading you to hone in on your comparative advantage.

Also, understand that anything new requires time to blossom. Hence, it is necessary to keep realistic expectations.



Step 3

COMPREHENSIVE COMPETITOR ANALYSIS

Competitor analysis is an important piece of the puzzle. Simply put: Even the best product won't sell if doesn't stand out from the pack. Being good all by itself isn't enough. You would need to replicate your competitors' successes and avoid their mistakes.

It's time to open a spreadsheet in Excel and start recording the following information about your competitors and their products.

After you have filled out your spreadsheet sufficiently, here are a few ways that you can start to separate your product from the rest:

Price - Tricky to do right, but tried and true. Large volumes often go to the lowest bidder, even if the difference is marginal. Just be prepared for paper-thin margins. (Possibly less than \$1/bottle when all is said and done).

Find a new customer segment - There might be a class of customers that overlook a particular type of product because it is never marketed to them in ways they can relate. Athletes, seniors and people with restrictive diets are all good examples of this.

Find an ingredient to delete - Often an undesirable (or less popular) ingredient has to be used to make a particular product (usually because it has to come from a certain source).

NOTE: The previous note also applies to this category.

The key here is to find a detail within the product development process that other companies decide to avoid or cut out (which they may have good reasons for doing – you'll have to research to find out). This is the opportunity, wily entrepreneur, to go all-in – demonstrating your commitment to your product and your target customer.





Step 4

MAKING YOUR OWN SUPPLEMENTS

After you understand what people are looking for, what they're willing to spend (market and customer analysis), and what exists already (completion analysis), you can comfortably start the formulation process.

Do You Need a License to Sell Supplements?

With an increasing number of Americans taking dietary supplements each year, nutraceuticals are subject to comprehensive regulations to safeguard quality and safety.

The United States Food and Drug Administration ([FDA](#)) has stringent regulations for selling dietary supplement products under the Supplement Health and Education Act 1994. As regulations applied to dietary supplements differ from those applicable to conventional drugs and foods products, supplement manufacturers are legally bound to meet all the rules and guidelines set up by the Dietary Supplement Health and Education Act 1994 (DSHEA) and FDA.

If you plan to create your nutritional formulas and manufacture your supplements on your own, you need to obtain your own certifications, additional insurance, and may want to consult a business attorney beforehand.

Alternatively, you can go through a supplement manufacturer that is already certified and the required resources for manufacturing and labeling your line of supplements or your nutraceutical brand. This allows you to completely forego the need for licensing and logistics.

Here are some additional points to keep in mind:

- Start with the key features you want to advertise and then work backward.
- It's okay to borrow some of the best ideas from your competitors but don't go too far. It's always best to start with your vision first.
- After identifying your target audience see how your competition is catering to it and then go for a unique alternative that goes a step beyond while working out the formulation.
- If you just have rough ideas about or are not aware of the right ingredients or the right proportions of ingredients to create your supplements, the product development staff of a good [supplement manufacturer](#) should be able to help you fill in the blanks.

Step 5

IDENTIFY THE RIGHT SUPPLEMENT MANUFACTURER

Often finding the right manufacturer is a daunting task. However, developing some kind of business plan to accompany along with following the tips below should make the process of choosing the **right supplement manufacturer** relatively easy.

Here are 6 important tips for evaluating a manufacturer:

Tip #1: Ask the manufacturer as many questions as needed in order get the relevant information to make an informed decision

It includes their years of experience, references, certifications, specifications and how many rounds of testing are done. Check whether they supply top quality ingredients, how efficient their quality control and quality assurance departments are, what their minimum order quantities are, and do they use industry-specific graphic designers. Only two entities (NSF and NPA) offer the certificates and any certificate other than these bodies can mean the manufacturer is likely not cGMP.

Ensure that the manufacturer is willing to offer you constructive criticism or pushes

back on your ideas. A manufacturer who does not object to your insistence to add misplaced ingredients and/or claims on your product label, should raise the alarm.

Additionally, run the manufacturer's name through a search engine for a background check. Dissatisfied customers complain about the companies operating below acceptable standard on websites like BBC and Rip-off Report. Besides this, check the manufacturer's leadership team details on their website and/or social media. These days, to promote transparency of operations, it's a common practice for most organizations to provide this information and if a manufacturer does not make this information public, don't hesitate to ask why.

Tip #2: Check whether the manufacturer is a turnkey manufacturer and inquire about the services they can offer

A **turnkey manufacturer** is a one-stop solution provider who offers a full suite of manufacturing and secondary services including testing, packaging, labeling, and distribution. This approach has its own perks like faster lead/go-to-market times, convenience, cost savings, etc.

Tip #3: Choose a U.S. based supplement manufacturer

They are well-versed with the stringent U.S. regulatory standards and are less likely to give you any last-minute surprises that can cost you more.



Tip #4: First impressions matter

Simple things like timely responses and openness from the start are usually positive indicators of what working with a manufacturer will be like.

Tip #5: Be wary of manufacturers that place an unusual amount of emphasis on the honors and awards they've won on their websites, social media channels & when they speak to you on the phone

While these accolades might be impressive at face value, we've found that many industry awards are "pay to play" and the honors don't necessarily represent the quality of the company or the integrity of the people employed by it.

Tip #6: Ask your manufacturer about the regulatory environment of the dietary supplement industry

Ask your manufacturer about the regulatory environment of the dietary supplement industry. Do they exhibit knowledge or do they struggle to answer your questions? If it's the latter, you may want to think twice about working with them.

EXPERT TIP



Todd Boysen

Senior Account Manager



One thing I tell new brand owners about this industry is that you get what you pay for. Don't choose your supplement manufacturer based solely on price. While you might be saving in one area, the quality of your product may suffer.



Step 6

CREATING YOUR SUPPLEMENT LABEL

Supplement labels represent your brand and are a critical factor for your product's success as studies reveal that **40-70%** purchase decisions are made at the point of sale. An eye-catching, quality **dietary supplement label** is vital in the increasing competitive nutraceutical market.

Key points to note while creating a supplement label and packaging

- Your label should be FDA compliant and follow **FDA nutrition label guidelines**. It should have a clear listing of active and inactive ingredients and fulfill legal requirements with any mentioned health claims.
- Your logo and label should reflect your brand and emphasize on your product's unique features over your competitors'.
- Be innovative while designing your logo with characters, name, shapes and It should be simple yet visually distinctive. Examples include **Twinlab, Ghost Lifestyle & Vital Proteins**.
- Color matters! Marketing researchers confirm that **62-90%** of customers base their first impression on the color of the pack-

aging or label. For instance, blue is accepted as a universally pleasing color while purple represents quality and royalty.

- Allot sufficient time for designing, proofing and printing your dietary supplement packaging and label as any error in this process can severely impact your time to market.
- Work with a design firm with in-depth knowledge of the supplement industry while designing your dietary supplement label template.
- Consult with your contract manufacturer and legal counsel before claiming your product as "**Made in America**" on your supplement packaging.

EXPERT TIP



Christopher Bennett

Art Director, NutraScience Labs



Don't follow what other brands are doing and take some chances when it comes to designing the label of your product. Create something that will get your product noticed on a store shelf or among the hundreds of other products on Amazon.



Step 7

NAMING YOUR DIETARY SUPPLEMENT BRAND

Irrespective of whether it's the actual product or supplement brand name, it is the first calling card and needs to be selected with due diligence.

Supplement brand name ideas that always work:

- Your health supplement business names should be short, sweet and relevant.
- Having a defined color palette can pay off in the long run - consumers will be able to recall yours faster than competing products.
- A unique and consistent voice relevant to your consumer group and the target audience will certainly add value to your brand.

What should you avoid while considering supplement names?

You should take certain **precautions** while finalizing your supplement company names.

- Check the potential names by running them through a search engine. Even

though the name sounds unique to you, there are chances that some other businesses already exist with the same or similar name.

- Ensure that the supplement business names you have chosen are not similar to one of your competitors'. You would certainly like to have a name unique to your brand and mission.
- Make sure that the name you choose for your brand has no negative connotations attached to it.

THINKING
of a unique name?



Step 8

SUPPLEMENT MARKETING PLANS - HOW WILL YOUR TARGET AUDIENCE KNOW YOUR PRODUCTS?

In today's cut-throat nutraceutical ecosystem high-quality products with packaging appeal and smart supplement marketing strategies play an important role.

How to Market Your Supplements?

✓ Be Customer-Centric

While marketing nutritional supplements, you should remember that your health product should meet customers' needs. You can get to know this by encouraging, collecting and evaluating **customer feedback**. Be receptive to the supportive suggestions as well as critical comments. Customer loyalty is valuable and worth rewarding.

✓ Leverage Fans, Stars, and Influencers

80% of your profit comes from 20% of customers which is the loyal **fan-base** of your product. It is worth-while to interact with them directly and make them feel 'special' which will further strengthen their relationship with your brand. Choose the right influencer for your supplement marketing like an up and coming athlete or social media celebrity (rather than an established one) who has a dedicated

fan-following. It can fit your budget and also be beneficial for your brand in the long run.

✓ Versatile Advertising Can Be the Key!

Embrace multiple innovative and effective ways of advertising your product. Based on your budget, devise strategies for video marketing, magazine and radio advertising or even grassroots advertising by leaving your flyers in the receptions and waiting rooms of gyms, spas, salons and clinics. These are the places that most of your target audience might visit frequently.

✓ Leverage Social Media

Today's consumer highly relies on social media with around **80%** of Americans having at least one social media account. Online marketing forms a crucial factor while devising your marketing strategy for supplements.

- Smart supplement hashtags aid your brand recognition and customer loyalty.
- See a boost in conversion rates.
- Significantly save on your advertising cost

✓ Identify Cross-Promotional Opportunities

You can tap a vast potential market by finding and exploiting to target different customer segments for a single product line. For example, 2.5% of all U.S. citizens identify as being **vegan**. However, besides this group, you can also promote vegan products to vegetarian, flexitarians and traditional customers.



Step 9

FULLFILLMENT PLAN - HOW WILL YOUR PRODUCT REACH YOUR CUSTOMERS?

It is imperative for you to reach your supplements to your target customers at the right time, especially in the era of companies like Amazon-Prime that fulfill customers' wish lists in 2 business days. This is where efficient fulfillment planning plays a crucial role. Most of the time, your manufacturer can help you with storage, kitting, assembly, shipping and distribution of your supplements. Take this decision based on specific manufacturer requirements like presence of cGMP storage.



Step 10

BEGIN SELLING!

After investing your time, money, and energy, it is finally time to start selling your product!

Here are some things you may want to keep in mind:

- Create a Pricing Structure that Works

Pricing is a game-changer. Charging too much can severely limit your sales and deter some customers who genuinely want to buy your product, just because they can't afford it. On the other hand, a lower-than-required price not only cuts your profit but also plays havoc with business sustainability.

- **How to Sell Nutritional Supplements**

You can team up with gyms, weight-loss clinics and doctors to engage with your target audience. You can also opt for [selling supplements online](#). One of the hassle-free ways you could consider it

while planning your sales strategy is selling supplements on Amazon.

The initial strategy for convincing various sites and store owners to keep your products on their shelves is by sending them a small amount of the supplements for free. Giving them an initial 100% profit can help you reach your target customer who can purchase it again. The return sale will not only help you establish your brand in the market but will also make it obligatory for the sites and retailers to keep your supplements on their shelves because customers prefer it.



Mistakes to Avoid When Starting a Supplement Company

Often while researching supplement ideas, you stumble upon things that are supposed to be done, but what **about those that you just shouldn't do?**

- **Not Knowing Your Audience** – You first need to understand your target audience – the people (for example, seniors, millennials, or adults) who would have a common desire to buy your supplements.
- **Lack of knowledge about FDA policies** – The FDA policies associated with the nutraceutical industry keep changing to ensure the consumer's safety. The FDA controls everything from manufacturing to labeling – So, if you wish to have a seamless production, seek legal guidance or leverage the expertise of your contract manufacturer.

- **Price Over Quality** – Price cannot and should not be the only factor to consider when selecting your supplement manufacturer. Remember, you're ultimately producing a product that will be consumed by someone. It's advisable to invest more dollars to ensure that you partner with the best manufacturer capable of producing a high-quality product.
- **Only Focusing on Trying to Be Too Unique** – Is there a reason why this certain "something" hasn't been done before? There's no doubt that you might want to do something for your product that's never been done before. But, think about your idea and check the reality of it. There are often ways in which you can be unique and still not break the traditional norms.
- **What Do You NOT Want in Your Products** – Yes, you indeed know your desired product, but understanding what you DON'T want will further help you gain clarity.

EXPERT TIP



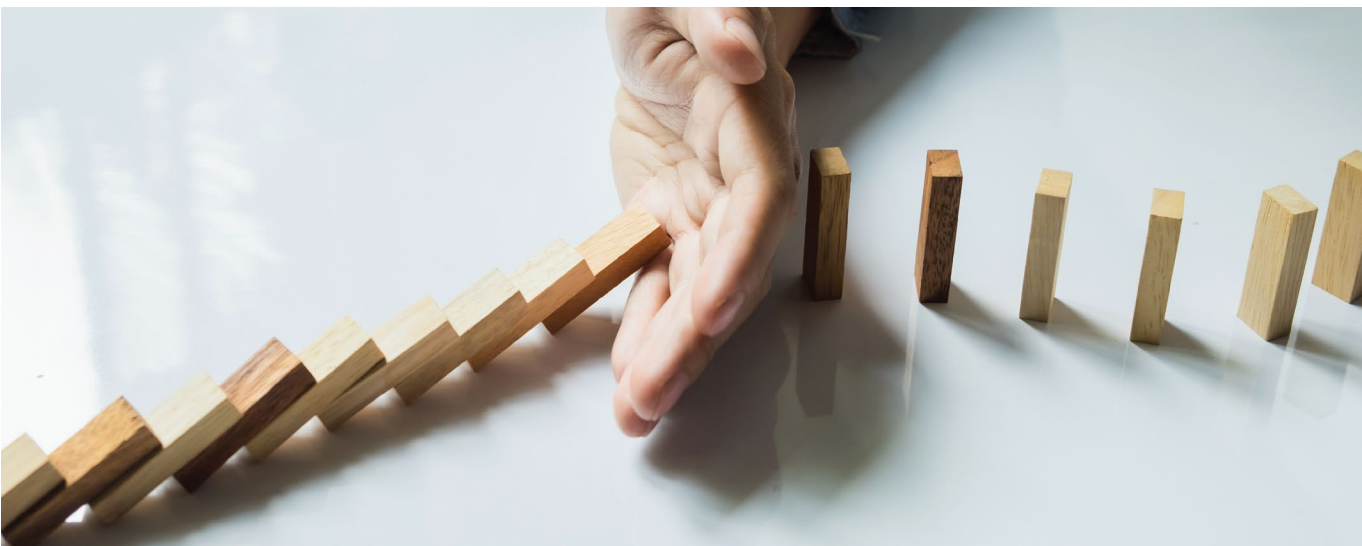
Vincent Tricarico

Vice President, Contract Manufacturing



Your supplement manufacturer will be your go-to person for every question and concern you have – so, make sure you **avoid these mistakes** and select an experienced vendor!

For more expert insights on how to kick start your product sales, check out our free guide for Selling Dietary Supplements Online.



Supplement Industry Regulations and Agencies

While starting your supplement line, you should be aware of the certifications and regulation agencies related to the nutraceutical industry. Here is a quick list for your reference:

Key Agencies

- [FDA](#) (Food and Drug Administration)
- [FTC](#) (Federal Trade Commission)

Third Party Organizations

- [NSF](#) (National Sanitation Foundation)
- [USDA](#) (US Department of Agriculture)
- [QAI](#) (Quality Assurance International)

- [Project Non-GMO](#)
- [ConsumerLab.com](#)
- [LGC](#)

Trade Associations

- CRN (Council for Responsible Nutrition)
- NPA (Natural Products Association)
- AHPA (American Herbal Products Association)
- UNPA (United Natural Products Alliance)

Dietary Supplement Regulations

All the manufacturers should be aware of certain important regulations, at least on a broad level.

- **Food Drug and Cosmetic Act of 1938** – It is the overarching regulation for foods,

their subsets and dietary supplements that are regulated under the DSHEA amendments to the FD&CA.

- **Dietary Supplement Health and Education Act of 1994** – [DSHEA](#) established the term “dietary supplement” and set up standards and definitions around product labeling besides expanding the powers of the FDA.
- **FDA Guidance** – The FDA offers [additional industry guidance](#) that covers Dietary Supplement Current Good Manufacturing Practices (DS cGMP).
- **The FTC and Native Advertising** – To address the guidelines violation, FTC has issued the [guide for businesses](#) as well as Q&A-structured [endorsement guide](#).



Go Forth into the Supplement Industry!

Congratulations! If you're reading this, then you've made it to the end of the guide! Now it's time for you to get to work! Go forth and start your journey towards your very own (successful) dietary supplement line. Remember, do your homework, weigh all the options, and above all else – be prepared!



About NutraScience Labs


NutraScience Labs, Inc., a subsidiary of Twinlab Consolidated Holdings, Inc. (OTCPK: TLCC), helps dietary supplement companies bring high-quality formulations to market by delivering best-in-class turnkey contract manufacturing services. Headquartered in Farmingdale, NY, the Firm offers outstanding customer service, competitive pricing, rapid product lead times, and exceptional vitamins and supplements that are custom manufactured in GMP- Certified facilities located on the east and west coast.



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