

Case study written by Kate Philbin

Original Health Research Reveals the Truth Behind the Golden Opportunity



The temptation to seize a golden opportunity can sometimes blind businesses to the possible pitfalls. Not so for Original Health Products, however, whose Managing Director, Dr Alan Bell, is a committed advocate of marketing research.

Original Health Products manufactures innovative skincare products that are suitable for people prone to skin conditions like eczema and psoriasis. The company was contacted by one of Australia's most famous media doctors who had used its products and was keen to write an article about them in a leading woman's magazine. Such high profile publicity would, undoubtedly, lead to demand for its products and the company was eager to capitalise on this. Dr Bell contacted the Export Marketing Research Scheme for advice on researching Australia's market potential. He explains:

“I am a management consultant so I am involved in many different businesses and one of the basic principles of good business is always to research a potential marketplace before diving in. The Export Marketing Research Scheme's advice and support has proved invaluable over the years and I have no hesitation in picking up the

phone to them to ask for their input. Too many businesses are blinded by their own success and proceed according to a hunch rather than take a measured, methodical approach. That is the way to make costly mistakes, if you're not careful."

Dr Bell's research into the Australian marketplace has certainly proved its worth. He discovered that, while there is undoubtedly a market for Original Health Products, the current methods of distribution make it cost-prohibitive for them to establish a retail presence there.

"Australia is like the UK was 50 or 60 years ago," says Dr Bell. "It has wholesalers who sell on to retailers. Here, it is possible to sell direct but not over there. The wholesaler wants a huge margin and so does the retailer. That means we would have to sell at a fraction of the retail price, which would simply be impossible to do."

Dr Bell also investigated selling through large supermarkets but, again, hit a brick wall. "They demand a premium for shelf space, which is cost-prohibitive for a company of our size. In fact, the research showed that the only way for us to enter the Australian marketplace would be via a joint venture partnership with another manufacturer."

This is the route to market currently being explored by Original Health Products, but the company is proceeding with caution. "The media doctor ran a full-page article on us, which generated a large number of hits on our website and produced a boost in sales. However, without a retail presence it is difficult to sustain interest in the product. We are working slowly and steadily to establish a joint venture partnership as it is important to get it right. Without this research, it would have been easy to jump into a wholesale agreement on the back of a magazine article. I am sure we'd have generated sales but the profit margin would have been disastrous. This way, we know how we can enter the Australian market successfully and make a profit. It is more of a long-term approach but, ultimately, the outcome will be far better."

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