Stanley Huang – Founder & Managing Director, Nutrarex Biotech, Taiwan



The biggest challenge we have faced is how to convey the real benefits of higher-priced premium ingredients to consumers

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Nutrarex Biotech is a Taiwanese private label contract manufacturer of functional supplements, exclusively representing a number of cutting-edge raw materials from Europe, the US, and Japan. Stanley Huang is the founder and managing director of Nutrarex, he discusses the company's manufacturing capabilities along with their service offering, where he sees the most growth potential in the global nutraceutical market, and how the company is attempting to bring a more scientific approach into the development of nutraceuticals, among other areas.

Could you introduce Nutrarex?

I am both the founder and managing director (MD) of Nutrarex biotech, and we are dedicated to the nutraceutical industry as a premium ingredients distributor within Taiwan and a contract manufacturer worldwide. Our largest market is Asia. We exclusively represent several premium ingredients made in western countries as well as Japan, to be distributed in Taiwan.

Additionally, we have a joint venture factory in Taiwan, together with specific partnered factories in varying dosing forms for the contract manufacturing business with a private label using our premium ingredients. Undoubtedly, our company grasps the key elements of nutraceutical product supply, namely ingredients and finished product manufacturing.

Manufacturing is the primary business driver for Nutrarex, how is this balanced with the selling of ingredients?

The majority of our revenues come from the contract manufacturing business, rather than ingredients selling. Our contract manufacturing is contributed mainly by the China market. we are used to attending three to four exhibitions in China every year specifically for contract manufacturing, and besides Taiwan, we understand both the Chinese and Southeast Asian markets extremely well.

Can you tell us about both the manufacturing capabilities and service offering that Nutrarex have?

Firstly, we supply only the best and most unique raw materials for our customers. Packaging alone does not produce health and efficacy. From the outset, I decided to specialize in premium ingredients, which are patented and scientifically proven for their efficacy. This is because we only source our ingredients from places like Europe, the US, and Japan. The reason we use premium ingredients is that they have been confirmed to be effective by standardizing a certain minimum number of active compounds. Furthermore, they have been verified for this efficacy by conducting human studies, which is why they are seen as premium ingredients. This helps to prove their trustworthiness and provide a guarantee to our customers.

Secondly, the majority of factories only understand how to manufacture a product, without having a thorough knowledge base of which ingredients work well in a formula. Furthermore, they may not have the latest information on new and unique ingredients that are available for the contract manufacturing projects. For this reason, many contract manufacturers consult with ingredients manufacturers such as Nutrarex. Finally, when a distributor attempts to maximize performance, they will very likely try and sell cheap ingredients. These cheaper ingredients may be far easier to promote, however, as aforementioned, our company focuses solely on premium ingredients which in turn carry a higher price tag than other supply sources.

Therefore, the key advantage for our company is offering both final products manufacturing and the major components, namely, premium ingredients. This is coupled with effective formulas set out by our inhouse dietician team to meet a country’s import regulations and market demands. Moreover, our dieticians can offer a training course based on the products we manufacture for

private label clients in Taiwan and internationally.

Based on the above highlights, in short, Nutrarex Biotech offers one-stop services of supplying nutraceutical products in drinks and powder sachets, ranging from ingredients, formulas, manufacturing, training, and pre-marketing. Our customers are hassle-free. In fact, very few companies work on such holistic services like us, which indeed require internal collaboration amongst each colleague and our manufacturing sites.

Where do you see the most potential for growth in the global nutraceutical market?

Unlike western countries where soft-gels and capsules are very popular, in Asia people are more interested in having something more palatable. When a person takes a capsule or soft-gels they cannot feel anything, just like taking medicine. However, in Asia people are looking for something more diversified, which is partially why dietary supplements come in the form of drinks, powder sachets and jellies. In terms of the driving force within the industry, I would say that Asian people are certainly looking for more than health benefits alone. They want to enjoy a greater number of benefits including taste when consuming a product.

Unlike Western countries, where health foods are sold for the long term, health foods and drinks in Asia have been managed by dealers and brands in the same manner as fast-moving consumer goods (FMCG), which means that life cycle does not last for long. On average, two to three years per single product. Therefore, the Asian nutraceutical market is supported by its fast movement and new ideas, not only diversity.

How do you manage the challenge of educating your clients while maintaining a competitive position for yourself when there are far cheaper alternatives to compete with?

The biggest challenge we have faced is how to convey the real benefits of higher-priced premium ingredients to consumers. It is divided into two parts, the first being cultural differences. Although both China and Taiwan share a common language, we still have many cultural differences. For example, in China people would view this category of products as medicine, therefore, they want to see a quick response after they consume the product. However, this is impossible to achieve as dietary supplements are a longer-term treatment option for personal health.

The other part is regulatory requirements, from my observations the higher a country's living standard is, the easier regulations tend to be for nutraceutical products. In conclusion, we position ourselves as a dedicated consultant for developing nutraceutical products, not just selling. So, we have to do problem-solving for customers when customers choose an ingredient to use or thinking of a formula to launch, instead of merely selling products. This is our value. People often look for nutraceutical products which are safer, more effective, and more trustworthy Regardless of cultures and regulations, what we have brought to customers is a firmly excellent quality of ingredients and formulas, which the providers of cheaper alternatives not. We offer bespoke products to meet various cultural differences and regulatory requirements.

Countries such as the US have been tightening regulations on nutraceutical products in recent years, is this a trend you are seeing in Taiwan?

The Taiwan FDA has set out a long list of approved foods which can be nearly 1000 items. This list shows us which ingredients we can use. You can then launch a finished product into the market without an advanced application to the authority, as long as ingredients used in a product are shown on the list. This is a very convenient method.

However, we are not allowed to claim health benefits for product marketing. In my understanding this is similar to South Korea, however, in South Korea, they go one step further as the list includes the health benefits that can be obtained from a specific ingredient. Besides, Taiwan sets out the food regulations on pesticide residue and plasticizers in a way that is far stricter than any regions or countries worldwide, which means that our foods may be healthier.

At Bio Asia we discussed how you would like to bring a greater amount of science into the development of nutraceuticals, can you tell us about this initiative and your strategies on achieving a more scientific base?

Word of mouth marketing is not sufficiently powerful. Science is based on figures and trials. Our initiative is to well integrate the clinical studies of premium ingredients into synergy-effect formulas in products, so as to deliver scientific products. Our coming strategies are to research and develop unique, and new Taiwan-made premium ingredients, rather than importing premium ingredients. Furthermore, these will be 100 percent owned by our company regardless of patent, technology, and scientific studies.

We will also be building relationships with contract manufacturers in Europe as well as Japan in the near future. Working with factories outside of Taiwan through joint venture will help us strengthen our contract manufacturing services. This will result in more regions being covered and if customers like our ingredients and formula, we will be able to service them more readily. We have started doing this overseas and it has been a success as customers are trusting in the services and formula we can propose.

Finally, several companies in the nutraceutical industry are attempting to maximize their business by dealing with topical usage or cosmetic products. Our company has been and will continue to focus solely on nutraceutical products. This is very important as we are focused on servicing one specific industry rather than branching into other similar products. Cosmetic or topical usage products, along with certain sales channels can be similar to health products which is why some companies attempt to sell both. However, they have no idea what is going on inside of their products. I believe vertical integration for Nutrarex will be far superior in the future by focusing on what we do best.

A greater number of nutraceutical companies are looking at further protecting their intellectual property (IP) due to more complex formulations. Is this something that Nutrarex is doing?

Yes, because we respect the technology of the premium ingredients that our foreign suppliers work with. We are diligent in protecting any technology or trademark secrets. Our mission is to convey the real benefits of premium ingredients that can be brought to our customers. When we propose a product to our clients, we emphasize the action mechanism of an active compound standardized in a premium ingredient. In short, we not only sell products, but we are dedicated to emphasizing the real benefits and value of an ingredient and formula that we propose. Dietary supplements are not about high-tech or mechanical precision. Rather, it is about whether an ingredient and its dosing size can be given sufficiently and if a formula can deliver a synergy effect or not. Therefore, we may sign a contract with customers, regulating formulation exclusivity and the application range of premium ingredients’ IP.

What is your strategy for building a more global presence?

In the past, we have focused on China over other markets, although, we have been involved in smaller projects outside of China. Next year we will be looking to gain an increased presence in Southeast Asian countries and the US market. We offer one-stop services for contract manufacturing, through services ranging from raw materials to final products manufacturing and dietician's professional advice. Furthermore, we offer in house packaging design for our customers. Flexibility and customization will enable us to take global challenges while we will be expanding further.

What makes Taichung a great place to operate an international business?

Taichung, located in the middle of Taiwan, is a major hub of several manufacturing industries across daily life products, electronics, and machines. Furthermore, there are a great number of talents and experienced people ranging from junior to senior levels, together with R&D specialists in these mentioned industries. Everything you need to operate an international business is available here.

You recently celebrated the tenth anniversary of Nutararex, what strategies do you have for the company over the next five years and how would you like people to view the brand?

Our vision is to establish more joint ventures with contract manufacturers in both Europe and Japan, as we are looking to provide more contract manufacturing products and services, with a focus only on the nutraceutical segment. That being said, premium ingredients will continue to be our primary function for products offered by Nutrarex Biotech. Part of our company's name is 'Nutra' which means nutrition, therefore, it is our ambition to deliver nutritious, effective, yet unadulterated products for our customers.

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