MARKET RESEARCH ANALYSIS

Guiding your products to successful market entry

SCC – your partner for market intelligence

WHITE PAPER

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SCC
WE CARE FOR YOUR SUCCESS

INTRODUCTION

Bringing a new product to the market does not only require understanding and being aware of the regulatory challenges you may face, but also raises major questions like: “what is the opportunity”, “how is the price developing”, and “who are my competitors”. You need to have an answer to the question: “is the regulatory investment required to bring my product to the market worthwhile?”. This white paper describes how we support our clients to answer this critical commercial question.

We provide our clients with data and analysis on the current and future state of the market, identify opportunities and ultimately link the potential commercial benefits to the expected regulatory challenges and cost. In this white paper, we share and explain the key parameters of a market analysis, give insights in our research process and the various resources we use. We will provide you with a general understanding of our deliverables and the benefits it will give you by looking at a market from a combined regulatory-commercial angle.

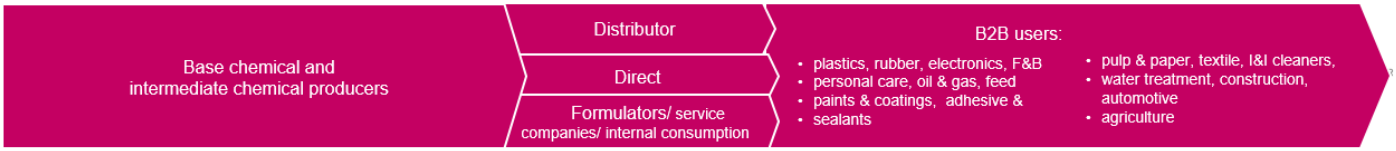
In a typical market study, the following key parameters are covered:

- Value chain
- Demand, Supply & Trade
- Prices
- Cost of production
- Competitors

VALUE CHAIN

A value chain analysis looks at the overall structure of the value chain and identifies the players involved on the market for the chemical or product being researched. It essentially provides “who is who” in the business, both upstream and downstream of the supply chain. The players or companies identified are analysed and listed according to the value they create in the value chain of the chemical or product. These companies are identified based on various sources, such as experts, annual reports and various public and private databases.

A typical output of a value chain analysis for a chemical looks like:



- **Plastics & Rubber processing**
  - Company A, Company B, Company C
- **Electronics**
  - Company D, Company E
- **Food and Beverage**
  - Company G, Company H, Company I
- **Personal care**
  - Company M, Company N
- **Oil & Gas**
- **Feed**
  - Company Z, Company W
- **Paints, Coatings & Inks**
  - Company A, Company B, Company C
- **Industrial & Institutional Cleaners**
  - Company B, Company C
- **Agriculture**
  - Company Q, Company H, Company V
- **Water treatment, Construction, Automotive, Adhesives & Sealants, Pulp & Paper, Textile**

Distributors

- Distributor 1
- Distributor 2
- Distributor 3
- Distributor 4

- **Plastics & Rubber Processing**
  - Company Q, Company H, Company V
- **Electronics**
  - Company A, Company B
- **Food and Beverage**
  - Company Y, Company X, Company Z
- **Personal Care**
  - Company T, Company R, Company C
- **Oil & Gas**
  - Company Q, Company T, Company S
- **Feed**
  - Company I
- **Paints, Coatings & Inks**
  - Company E, Company P, Company L
- **Adhesives & Sealants**
  - Company H, Company S
- **Pulp & Paper**
  - Company F
- **Textile**
  - Company A, Company B, Company C
- **Industrial & Institutional Cleaners**
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DEMAND, SUPPLY & TRADE

Demand Analysis

The demand analysis is a deep-dive into the industries related to the chemical or product under consideration. The analysis provides the current demand for the chemical or product and its expected forecast in the coming 5 years.

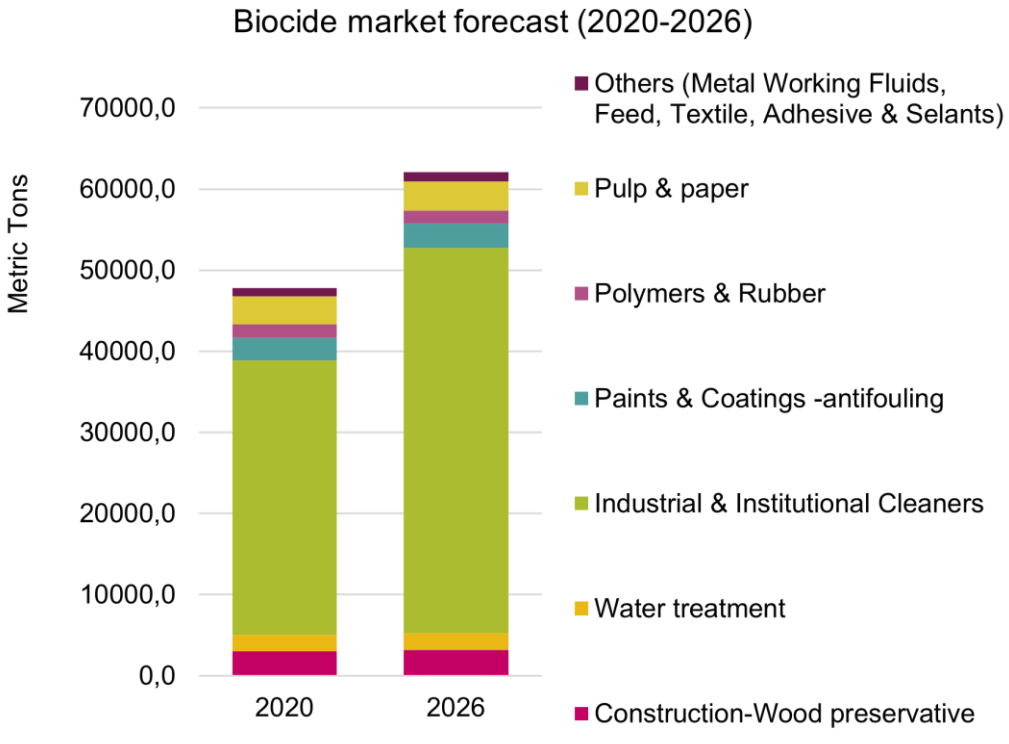
In order to determine the demand for a chemical or product, key formulations and products are taken to estimate the tonnage for each possible application of these formulations or products. For example, a chemical product can be used by the following industry segments: agriculture, automotive, building and construction, electrical and electronics, food and beverages, feed, consumer and industrial cleaners, oil and gas, pharmaceuticals, personal care, pulp and paper, hygiene, textiles and water treatment.

After estimating the demand, the drivers and restraints important for particular growth are quantified and included in the forecast. The drivers and restraints reflect major macroeconomic indicators, such as GDP growth, inflation, per capita consumption, sector level growth and new project announcements.

Both demand estimate and forecast are performed based on various primary sources (such as interviewing experts, government consultants, external distributors, customers and suppliers in the value chain) and secondary research sources (e.g. journals, databases, patents, SDS, annual reports and conference proceedings).

For example, plant protection products demand is mainly based on the major crops grown in a given country, the active ingredient dosage criteria, competition from already existing chemicals and a country's vision on growing the crop which is treated with the plant protection product in question. The research on such a plant protection product will contain secondary data based on country-wise agricultural statistics, such as yields, hectares and district-wise figures, and primary data, such as interviews with various stakeholders in the value chain, ranging from active ingredient producers to distributors, farmer co-operations to trade organisations.

A typical output of a demand analysis and forecast looks like:



Supply Analysis

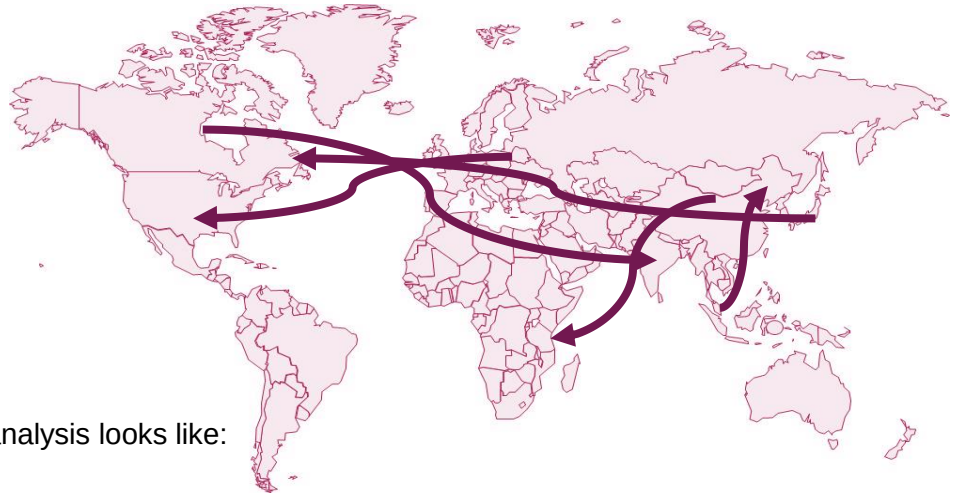
The supply analysis provides a list of active suppliers of the chemical or product in question, including the market share of each actor. This data is retrieved from various secondary sources, such as company advertisements, news, external private and governmental databases, and primary sources, such as, distributors, suppliers and customers.

A typical output looks like:

Company name	Location	Capacity (Metric tonnes)
Company A	Japan	xxx
Company B	Japan	xxx
Company C	Japan	xxx
Company D	Japan	xxx
Company E	Japan	xxx
Company F	Japan	xxx

Trade Analysis

The trade analysis provides a view on the opportunities for the chemical or product in different regions of the world. The output is mainly based on trade statistics databases, as well as interviews with key people in the relevant countries of import and export. This analysis can be performed at both a chemical and product level.



A typical output of the trade analysis looks like:

Reporter	Partner	Year	Trade Flow	Trade Value (US$) Million
Japan	World	2020	Export	669.1
Japan	China	2020	Export	398.4
Japan	Rep. of Korea	2020	Export	138.0
Japan	China	2020	Export	117.9
Japan	USA	2020	Export	75.7
Japan	USA	2020	Export	49.1
Japan	China, Hong Kong SAR	2020	Export	43.1
Japan	Australia	2020	Export	42.0
Japan	Belgium	2020	Export	41.8
Japan	Germany	2020	Export	35.2
Japan	India	2020	Export	35.2
Japan	Italy	2020	Export	34.2
Japan	France	2020	Export	30.7

PRICES

An important part of any market access strategy is the pricing of a product on the market. The price analysis provides a comparison of the pricing of comparable chemicals and products. For this analysis it is critical to specify the international commercial terms (Inco-terms) for the output. The Inco-terms are always provided based on clients requirement, this can include Freight on Board (FOB), Cost Insurance Freight (CIF), Cost and Freight (CFR), Ex-works or Delivered prices. For pricing, secondary sources such as import-exports or bill of lading databases are used and as primary source interviews with experts, external consumers, distributors and suppliers are conducted. If there are no secondary sources available, an estimation based on cost of production plus margin is given as a price indication for the chemical. The cost of production is discussed in more detail below.

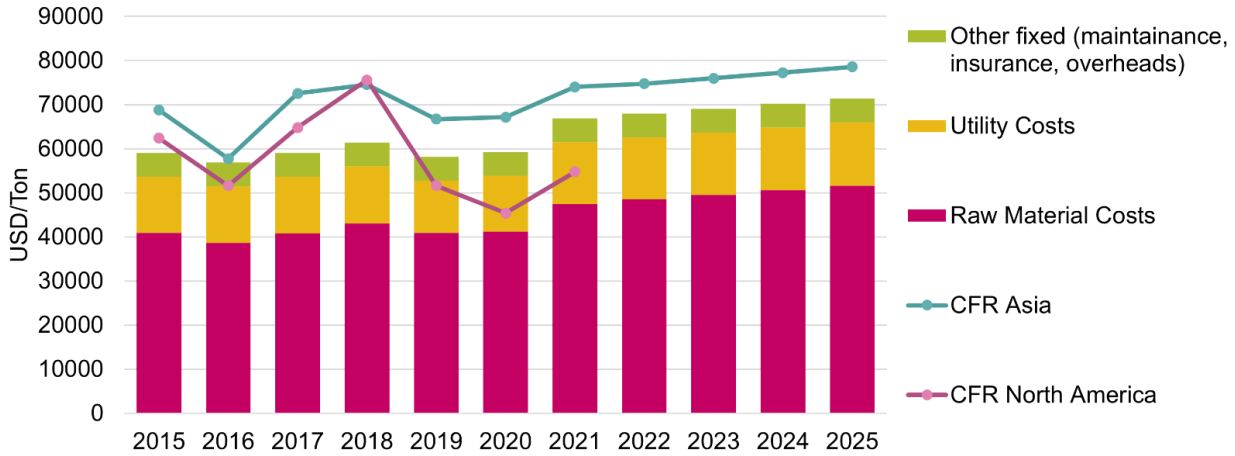
A typical output for price analysis looks like:

Grade name	Prices (USD/Kg)	Producer
Substance 1	1.8	Company A
Substance 2	2.9	Company A
Substance 3	3.7	Company B
Substance 4	1.8	Company C
Substance 5	51	Company D

COST OF PRODUCTION

The output of the cost of production analysis provides a comparison of the production cost over the years. These costs are estimated based on raw material cost, utility cost and other fixed costs, such as maintenance, insurance and overhead. Data for stoichiometric balances such as raw material, utilities per kilogram is predominantly coming from secondary sources, such as patents, available external stoichiometric balances, environmental files and government statistics. This data is verified and extended via primary sources, such as industry consultant and expert interviews.

An example of the cost production analysis:

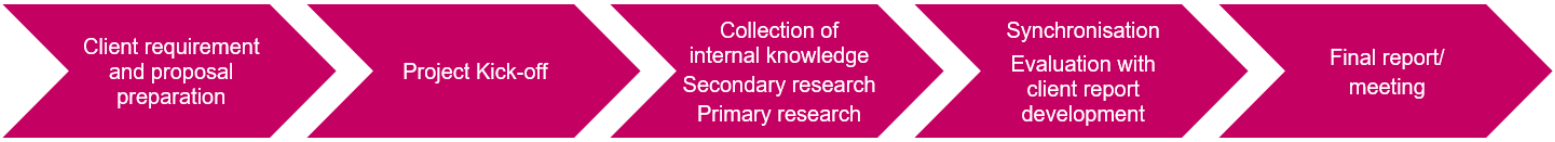


COMPETITORS

The competitor analysis investigates major competitors active on the target markets, by looking into the competitors' product categories, revenue generation and future focus .

SCC MARKET ANALYSIS METHODOLOGY

A project at SCC starts with gaining a deep understanding of the wishes and needs of the client, reflected in our proposal. After acceptance of our proposal, a kick-off meeting with the client is held to refine and confirm the project scope and requirements. Then we proceed with data collection through agreed primary sources and available secondary sources, followed by a detailed analysis of the data, regular evaluation with the client and development of the final report. The project is concluded with a final meeting and a detailed report, sharing all information gathered, analysis results and final conclusions with the client.



To understand the market and key trends, we use extensive secondary and primary research techniques, including a wide variety of databases and interviews with industry experts across the value chain.

Key respondents include producers, customers, potential end industry users (B2B), distributors and traders and other stakeholders involved in the value chain. Market, technology data, trends and different aspects are reviewed together with the client and triangulated to refine the information and gain important insights throughout the entire project. Name of the client/stakeholders are never disclosed throughout the course of the project, unless otherwise agreed upon.

SCC MARKET ANALYSIS SERVICES

Depending on the needs of the client, SCC offers different types of market analysis services as a single or a bundled module.

1. Module-1: basic market overview

Module-1 provides a high-level overview of the market with regards to:

- Potential target markets (Countries)
- Potential market segments
- Top five competitor products and their indicative prices

This module does not gather data by using primary sources (interviews with stakeholder in the value chain). The analysis is based on existing available data and research only, as well expert knowledge of SCC. The value chain, demand & forecast, trade & supply is solely analysed using secondary research techniques. Module-1 provides the minimum information a client needs to define the scope and number of interviews in the next step of the market analysis as provided by module-2.

2. Module-2: detailed market overview

Module-2 builds on data gathered in module-1, plus a priorly agreed number of interviews with experts and stakeholders in the value chain, to provide a detailed analysis of the target countries and market segments selected after module-1. Module-2 will provide all the details required to make informed decisions on the final market segment and target country selection.

Module-2 will also provide an overview of all relevant regulatory requirements for market access of the chemical or product, including regulatory timelines and regulatory cost estimates for the selected target countries and market segments provided by our internal regulatory experts.

Module-2 can be directly applied if the client provides a detailed pre-selection on the market segments and target countries in scope for module-2. In this case, module-1 is not required, however several secondary sources normally reviewed and analysed in module-1, will have to be included in module-2.

SCC DELIVERABLES

Module Type	Deliverables
Module-1 Basic Market Overview	• PowerPoint presentation and PDF-report with all data and analysis performed • 2-hour online meeting to discuss the results and answer questions
Module-2 Detailed Market Overview	• PowerPoint presentation and PDF-report with the final results of the analysis, including all Excel sheets and data used, • 2x one-hour online meeting to discuss interim results, and a 2-hour online meeting to discuss final results • Optional: Shortlist of potential buyers in the selected countries

View Our Website:
www.scc-gmbh.de/intelligence-and-guidance

or contact our experts:
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