

Assignment SunProtein

Websites:

www.sunprotein.ru, www.protein-specnaz.ru



Company description

SanProtein (SUNPROTEIN™) is a Russian company that produces protein from sunflower seeds. Sunflower protein "SanProtein" is an excellent vegetable protein, which is superior in quality to proteins of animal origin as regards to the composition of amino acids. Due to its low cost and quality, it presents a better alternative to soy and other proteins of vegetable and animal origin. Our protein contains 83 percent of pure protein that has a balanced composition of amino acids, including all indispensable ones. 100 grams of our product contains 45 grams of essential amino acids, of which 27 grams are branched-chain amino acids (BCAA).

Due to its chemical characteristics, the body easily absorbs up to 95% of the protein contained in our product. It does not contain gluten, soy, lactose and GMOs. And the presence of vitamins, minerals and chlorogenic acid in its composition make it possible to consider sunflower protein as an ideal means for obtaining the maximum growth of muscle mass and relief and fitness. The protein is suitable for usage in different types of menus such as vegetarian, dietary, Lenten, halal, kosher food and others.

Production of sunflower protein complies with international and national food quality standards ISO 22000: 2005, including HACCP. Quality of our product is ensured by its unique production technology. The control is carried out at each stage of protein production.

The first product:

Is a concentrate of sunflower protein, which can be used as raw material for the production of end-use products.

Potential market for using sunflower protein:

- Sports nutrition (protein cocktails, gingers, bars, tableting);
- Food industry (canning, meat, fish, vegetable, bakery, confectionery);
- Pharmaceutical industry (fat-burning complexes, nutraceutical and dietary supplements);
- Production of vegetarian, Lenthen and other personalised foods.

The original colour of the protein was dark brown - the military "khaki" colour.

However, in the summer 2017, technologists managed to obtain a light-colored protein with the same qualitative characteristics.



The second product:

Is sports nutrition called branded as "Protein SPETSNAZ" created on the basis of sunflower protein. It is a finalised product for sale to end-users.

"Protein SPETSNAZ" differs from sunflower protein as a raw material (see Product 1) as regards to additions aimed to improve its taste characteristics such as the sugar replacer "sucralose" and chocolate flavouring filling.

"Protein SPETSNAZ" is recommended for people having an active lifestyle. It is supportive for intensive physical exertion, building and maintaining the muscle mass. It assists in fat burning, achieving slenderness, increasing endurance and working capacity.

The brand "Protein SPETSNAZ" was created for the Russian market aiming at the economy class segment. It is positioned as a mass product for broad consumption. It surpasses the best and most popular western analogues in the Russian market, both in terms of protein quantity and quality, at a cost that is two times cheaper compared to import products. Since this is the first sports food of Russian production, its slogan addresses the national pride and patriotism - "Polite Protein from Russia". In this context the slogan was intended to associate with the expression "polite people" which in turn is associated with national pride, decisive and good-natured power. The word "SPETSNAZ" also correlates with the "khaki" colour of the protein causing associations: strength, elite, courage, respect.



Advantages of Protein SPETSNAZ / SUNPROTEIN:

For the premium segment and exports, the new brand SUNPROTEIN using Latin letters was developed. It has almost identical composition, but is positioned differently. We would probably use a light-colored protein in this product.

High percentage of protein in the product and a balanced composition of amino acids

The product contains at least 80% of pure sunflower protein that is a balanced composition of amino acids, including all the essential ones such as valine, leucine, isoleucine, leucine, methionine, threonine, tryptophan, phenylalanine, arginine, histidine. It has the following content of key amino acids in 100 grams of protein: Glutamine - 15.05 g., BCAA - 27.41 g.

Affordable price

The product is produced from sunflower meal in Russia at our company's own plant that is certified to prove its conformity with the highest international standards for food production ISO 22000. The net cost of the final product (including all flavoring fillings and packaging) is at the level of 5 euro/kg, with an average retail price of vegetable proteins of 50 euro/kg in Europe. The wholesale price for "Protein SPETSNAZ" in Russia is 2 times lower than the price of the similar imported protein products.

Natural product

This product does not contain colorants, preservatives or GMOs. It does not contain aspartame, and as a sweetener low-calorie and safe sucralose is used. It does not contain soy that makes it allergy-free; it does not contain gluten and lactose. It is characterised by "khaki" colour due to sunflower origin.

Excellent taste and complete solubility without lumps and foam

The product has an objectively pleasant taste and good solubility.

High digestion

Assimilation of protein is up to 95%, which is much higher than the assimilation of other vegetable proteins and is at the level of whey protein (98%).

Fat burning properties:

The goal of most consumers of sports nutrition is to build a muscle mass while achieving relief and slenderness of the figure. Due to the minimum fat content in the product - 1.1 g per 100 g, and the presence of chlorogenic acid, which is not only a natural antioxidant and anti-stress, but also a fat-burning substance, the product allows the body to use its fat as a primary energy source instead of carbohydrates.

The customer's problems addressed

The annual deficit of food protein in the world, according to the Institute of Nutrition of the Russian Academy of Medical Sciences (RAMS), exceeds 25 million tons. Insufficient intake of high-grade proteins is one of the causes of the negative processes: increased susceptibility of the human body to infectious diseases, slowing of the process of hematopoiesis, delayed growth and development of children, violation of the metabolism of fats, carbohydrates and vitamins.

On the other hand, recently in all over the world and in Russia the demand for functional and sports food products, especially among socially active population experiencing increased mental and physical loads, is becoming more noticeable. Also, the demand for proteins of vegetable origin is growing as there is a tendency towards vegetarianism.

Target audience

Product 1: Food processing plants - manufacturers of sports nutrition and dietary supplements

- Best Value for money
- High quality protein
- Stable supply due to own production
- Flexible conditions of cooperation



Product 2: People who lead a sport lifestyle, bodybuilders who want to gain muscle mass and lose excess fat

- Protein content of 83%
- Balanced composition of amino acids
- Absence of gluten and lactose
- Suitability for vegetarians
- Inclusion of chlorogenic acid, which promotes fat burning
- Support in building of muscle mass and shaping relief in your body
- Support in increase of strength and endurance



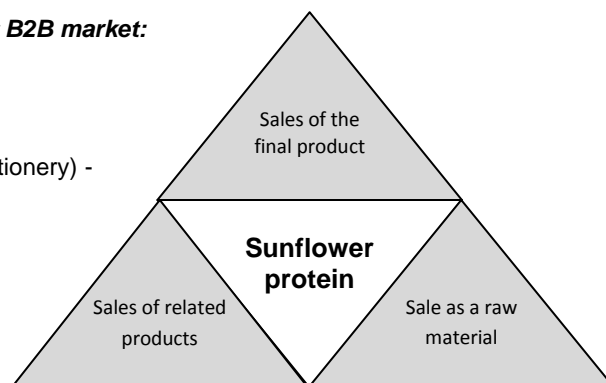
Monetisation model

Sales channels of sunflower protein concentrate (raw material) at B2B market:

- Manufacturers of sports nutrition
- Manufacturers of specialised food for the state structures
- Pharmaceutical companies producing food supplements
- Manufacturers of vegetarian food
- Food industry (canning, meat, fish, vegetable, bakery, confectionery) - requires additional R&D to use

Protein SPETSNAZ / SUNPROTEIN:

- Online sales: online stores and own website <https://protein-specnaz.ru/>
- Russian and foreign networks and shops selling sports nutrition
- Specialised exhibitions
- Fitness clubs
- Pharmacy
- State procurement for the needs of army in the Russian Federation, the Ministry of Emergency Situations
- Sports clubs, sports associations
- Opinion leaders



Current project status

- In June 2016, the legal entity OOO SanProtein was registered
- The intellectual property was protected: trade mark SUNPROTEIN was registered
- Obtained certificates on state registration of final consumption products in sports nutrition on the basis of sunflower protein - expert conclusion of the Research Institute of Nutrition of the RAMS
- In May 2017, the certificate of state registration of a product from Rospotrebnadzor was obtained
- In August 2017, the the status of Skolkovo resident was received
- Production of sunflower protein is carried out at company's own plant in Russia in the Republic of Altai, at Maima village
- A unique formulation of protein cocktails based on sunflower protein (three flavours) was developed.
- A prototype of a protein bar based on sunflower protein was created
- Production of the final product "Protein SPETSNAZ" was started at the plant in the Moscow region, Levashovo village
- A contract was concluded with a Russian Pharmaceutical company to supply 90 tons of sunflower protein concentrate (SPC) per year for the production of dietary supplements
- A contract was concluded for the supply of 150 tons per month of SPC to the USA
- Positive feedback has been received from the leading company on the production of sports nutrition in the world market (USA), negotiations are underway
- A contract was concluded with the leading company producing sports nutrition in the Russian market for the sale of "Protein SPETSNAZ" through their sales network
- A contract was concluded with the leading company producing arms accessories in the Russian market for the exclusive sale of "Protein SPETSNAZ" in the arms market
- The video with the leader of opinions on the vegetarian market reviewing "Protein SPETSNAZ" was recorded and gained wide popularity in the relevant segment
- Positive feedback has been received from the "Russian Army" and the leading promotion company in the Russian show business, negotiations are underway
- Positive feedback has been received from four the largest suppliers of sports nutrition in Russia, an interest in the production of sports nutrition under their brand using the company's SPC was demonstrated

Rivals in sports nutrition

Brand / Country	Product brand	% of protein	Wholesale prices (RUB/kg)	Competitive advantage
SunProtein / Russia	SpecNaz	80%	450	1) The percentage of protein – more than 80% 2) Quality of protein (irreplaceable and BCAA amino acids) 3) Taste 4) Price 5) Natural product without preservatives
Pure Protein	Soy isolate	70/90%	500	
Scitec Nutrition / Hungary	Soy Pro	71%	800	
Weider / Germany	Soy	80%	1500	
Pure Protein / Russia	WHEY	70%	600	
Optimum Nutrition / USA	Whey Gold	77%	1100	
Weider / Germany	Protein	80%	1200	

Assignment

The Autumn Business School 2017 participants are asked to answer the following questions:

The first product, B2B market:

- 1) Which country should we enter first with an aim to enter EU market with our Product 1? What is the volume of the market for our Product 1 in terms of money and volume of sales in the proposed country/region?
- 2) What is the best strategy for entering European market with sunflower protein as raw material? Compare an alternative of direct work with the manufacturers of sports/functional food with an alternative of building operations through a major dealer. Are there other alternatives?
- 3) For which specific European manufacturers of sports/functional/personalised nutrition will sunflower protein concentrate as a raw material be of interest?
- 4) What companies would be interested to act as dealers?
- 5) What are the major risks for entering EU market with our Product 1? What are the documentary, legal and other requirements for the company that want to import its product to EU?
- 6) What should be our short and long term strategy for entering EU market with our Product 1?

The second product, B2C/B2B market:

- 1) Which country should we enter first with an aim to enter EU market with Product 2? What is the volume of the market for our Product 2 in terms of money and volume of sales in the proposed country/region?
- 2) What is the best strategy for entering European market with SUNPROTEIN product? Compare the alternative of direct work with shops with an alternative of building operations through a major dealer. Are there other alternatives?
- 3) Who are the target customers for SUNPROTEIN product in the selected country (region)? Identify the segments of the target audience, form a portrait and describe their needs in our product using.
- 4) Bearing in mind the target audience, what special attention should be paid to ensure successful positioning of SUNPROTEIN product in EU market? Give recommendations for design, slogan, other elements of positioning.
- 5) What should be our short and long term strategy for entering EU market with our Product 2? With which stores, shop networks and dealers would you recommend to start working to build SUNPROTEIN product brand awareness? Why?
- 6) What are the major risks for entering EU market with our Product 1? What are the documentary, legal and other requirements for the company that want to import its product to EU?