Borden’s eagle set to soar higher

The company is building on its world-famous medicated oil brand

By Cheryl Nio Yi Hui, Jason Teh, and Yuan Lu

WHEN Tan Jim Lay, a descendant of philanthropist Tan Quee Lan, bought the rights to Eagle Brand medicated oil in 1960, he never envisioned that it would be sold outside Asia. However, 15 years later, Borden Company began exporting the medicated oil to North America and Continental Europe, in particular to the Vietnamese communities who fled to those countries to escape the war in their homeland.

“When these Vietnamese migrated to these countries, apart from buying the medicated oil for their own use, they also sent it back to their relatives and friends living in Vietnam. That, in effect, created the demand for us in these new territories,” Christopher Yeo, Borden’s MD explained.

Founded in the 1930s, Eagle Brand medicated oil was a German-formulated product manufactured under Wilhelm Hauffmann and Co. When it was brought to Singapore in 1960, Mr Tan Jim Lay saw the potential in the product and acquired the brand, trademarks and proprietary rights of the medicated oil. Then, in order to fortify the business, he got together a few friends and incorporated Borden Company.

Under Borden Company, the medicated oil flourished. Sales grew significantly and it dominated the local market for the medicated oil sector in the post-war period. However, with the vision to be a globally recognised pharmaceutical brand known for the premium quality of its products, it began exporting the green oil to neighbouring countries from the early 1960s, with Vietnam as its main success story. With the oil widely accepted as a “must-have” common cure-all household remedy in Vietnam, Borden imported it for multiple purposes – from relieving headaches, to toothaches, and even as a perfume! Remarkably, some even consumed it by adding a few drops of the oil to warm water to relieve stomach aches.

“Yet, of course, we would never advocate that,” Mr Yeo exclaimed.

The real worth of the medicated oil was proven during the Vietnam War in the 1970s. Due to its premium value, the green oil was an item used for barter trade in Vietnam in those days. Thus, demand for the oil increased as overseas Vietnamese who wished to share their wealth with their family and friends sent back cartons of medicated oil in lieu of cash.

Fifty years later, Borden continues to strengthen its foothold in the pharmaceutical market, with the green oil as its core. Today, Borden produces about 8 million bottles of medicated oil annually, of which 90 per cent is exported. Eagle Brand medicated oil currently sells in 23 countries worldwide, and is a recipient of many awards, including the SPBA Heritage Brand award, E50 award for three years since 2009, as well as the best-selling medicated oil award in Watsons from 2008 to 2011.

In describing the Eagle Brand and Borden Company, Mr Yeo cited “premium and quality” as the hallmarks of the business. According to him, Borden is well equipped with modern technology and good manufacturing practices; and facilities able to consistently produce the premium-grade medicated oil to meet the high expectations and demands of today’s consumers. In fact, the company does not plan to outsource the manufacturing of its medicated oil to cheaper locations, preferring not to pursue lower costs at the expense of quality. Eagle Brand medicated oil’s “Made in Singapore” label is an assurance of premium quality to Borden’s customers.

When asked to describe the factors for Borden’s success, Mr Yeo emphasised the foresight of the founding shareholders and the unrelenting commitment, hard work and sincerity of the present generation of top management.

Another key success factor is Borden’s close working relationship with its distributors. Borden’s distributors have worked with it for a long time, with some having ties that stretch as far back as the time of the company founders.

Mr Yeo said: “We make an effort to build up a good rapport with them. And for new distributors in new territories, our selection process is quite stringent. We look at their overall portfolio and the synergy it offers with our products, the brands they represent, their distribution networks and, of course, their financial credibility.”

However, it is not easy to choose good distributors, especially if you are a manufacturer of external analgesic products, it sees opportunities in other Third World countries. As Mr Yeo puts it: “In Third World countries, if one is uneven, one does not necessarily go too far away. The more you stretch, the more difficult it is to find a partner. We always look for distributors who can build brands.”

Singapore. Instead, Borden has to rely on mom-and-pop stores, which are many in countries such as Vietnam, to sell their products. Although some of these markets are slowly experiencing a paradigm shift in business and purchasing patterns, many are still relying on traditional grocery stores for their supplies and to make a living.

“In Vietnam, everybody wants to be an entrepreneur,” remarked Mr Yeo.

So where does Borden go from here? “Capitalise on the brand equity through product innovation,” said Mr Yeo.

Borden is already looking beyond just medicated oil. Besides their flagship green oil, Borden has developed a range of other products such as balms, muscle rubs and other analgesic products under the Eagle Brand. Targeting the young and athletic, Borden aims to capture market segments which do not usually use medicated oils, and to position Eagle Brand as a brand of high-quality, premium pharmaceuticals.

However, the expansion of product lines, especially into overseas markets, has not been easy.

First, the focus on product expansion has not shifted Borden’s attention away from the medicated oil. Realising that its product base is not broad enough, Borden has introduced different sizes of the green oil in its biggest market, Vietnam. While previously exporting only a 240ml glass bottle, Borden now exports 12ml and 3ml sizes to Vietnam to cater to the poorer crowd and also to new users.

“Over the last four years, we have seen a huge growth in this sector without compromising the 240ml size,” said Mr Yeo.

This represents good news for Borden, as it shows they have captured a new group of consumers. Borden is also looking to enter new markets. As a manufacturer of analgesic products, it seeks opportunities in other Third