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# France

# Product Brief

# French Market for Food Supplements

# 2003

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**Report Highlights:**
The food supplement market in France is estimated to be worth 650 million Euros ($615 million).

Best prospects are for plant extracts, vitamins, herbal teas, meal substitutes, and many innovative products offering quality and attractive packaging.

The EU has recently issued and is still in the process of drafting several directives which should help the importation of these products..

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Includes PSD Changes: No
Includes Trade Matrix: No
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Note: The exchange rate used in this report for calendar year 2002 is:
U.S. Dollar 1 = 1.057 Euros (Source: Paris Stock Exchange/European Central Bank)

## *SECTION I. DEFINITION AND MARKET OVERVIEW*

### *a. Definition:*

In France, a food supplement is a product or food that when absorded into the body supplements a real lack or supposed lack of a nutriment, as defined by a French decree of April 15, 1996. The food supplement Directive 2002/46/EC, aimed at harmonizing EU rules across Member States, defines food supplements as "foodstuffs meant to supplement the normal diet and which are concentrated sources of nutrients or other substances with a nutritional or physiological function, alone or in combination, marketed in dose form." In France, food supplements are not grouped with diet foods, which are defined by a series of directives related to foodstuffs intended to satisfy particular nutritional requirements for specific groups within the population.

Food supplements generally come in the form of pills, capsules, or vials and contain nutritional additives such as vitamins and minerals, various ingredients such as plant extracts or technological additives, colorings, sweeteners, etc. Food supplement ingredients are subject to strict and complex French regulation and are in the process of being harmonized at the EU level (see Regulation chapter).

### *b. Market Overview:*

The popularity of natural products as well as vitamins and all things healthy contribute to a dynamic food supplement market in France. The supplement market has been growing at a rate of ten percent a year since for the last five years. In 2002, the French market was estimated to be worth 650 million Euros ($615 million).

Recent French consumer surveys show that 25 percent of French households are food supplement consumers with some 500,000 new consumers in calendar year 2002 alone. In France, the bulk of food supplement sales are done in pharmacies and drugstores, accounting for 47 percent of total sales valued at 340 million Euros ($322 milion); followed by supermarkets which represent 17 percent of sales, estimated at 120 million Euros ($95 million); drugstores sales are estimated to 50 million Euros ($47 million), eight percent of total sales, and the remaining 28 percent of food supplement sales are made in diet/health shops, sport stores, beauty shops and spas.

| Advantages | Challenges |
|---|---|
| Demand for new-to-market products and diversity of the U.S. offer. | Price competition is fierce and U.S. exporters have to conform to French/EU standards and regulations. |
| High-Tech food supplements and innovative products are in demand. | Lack of knowledge of U.S. products by importers and retailers and tough competition between French and European manufacturers. |
| Food supplements are becoming more popular and increasingly carried by supermarkets which have doubled their market share over the past two years. | The absence harmonized EU regulations for food supplements does not facilitate trade. (several directives in draft at the EU level) |

## *SECTION II. MARKET SECTOR OPPORTUNITIES AND THREATS*

### *Entry Strategy*

To succeed in introducing new-to-market products, U.S. exporters must have local representation and make personal contact. Local representatives can provide up-to-date information on business practices, trade laws, sales leads, and marketing and distribution strategies. Some local representatives are also importers and distributors. The Office of Agricultural Affairs in Paris has listings of potential importers and distributors.

Depending on products, U.S. exporters can penetrate the market through:

- A central buying office
- Specialized importers/distributors

The Office of Agricultural Affairs recommends that small-to-medium size U.S. exporters work through importers/distributors familiar with central buying offices and supermarket buyers, which often require financing for product listing or referencing, but share the management and promotional costs of positioning products in the market.

### *Market Structure and Trends of the five distribution circuits*

#### *Pharmacies and Drugstores:*

Pharmacies and drugstores are the leading distributors of food supplements in France representing 55 percent of the total market and sales over 340 million Euros ($322 million). There are 22,750 pharmacies and drugstores and six main chains in France. Most French consumers prefer to buy food supplements in pharmacies where they can consult someone and get advice on product benefits. However, there is increasing competition from the other distributors, such as hyper/supermarkets, specialized dietetic stores, sport and beauty shops. Although pharmacies and drugstores created central buying offices such as Giphar or Optipharm to buy products at more competitive prices, they have lost sales over the past two years to hyper/supermarkets.

***Hyper/Supermarkets:***

Total sales of food supplements in French hyper/supermarkets are estimated to 120 million Euros ($113 million). Most of the food supplements sold in supermarkets are natural products such as plant extracts and herbal teas, representing 57 percent of sales. Vitamins and minerals represent 43 percent of sales. Five major manufacturers are currently supplying supermarket stores. Supermarket sales of food supplements are increasing at a rate of about 10 percent a year. Supermarkets should continue gaining market shares in the coming years over sales in pharmacies, specialized stores and sport/beauty outlets.

***Specialized stores/sport and beauty outlets:***

Specialized stores, including sport and beauty shops represent about 3,000 outlets. A lot of them are franchises. These stores account for 18 percent of the total market with estimated sales of 108 million Euros ($102 million) and a clientele mostly interested in dietetic, organic and plant extract products. Approximately seven manufacturers are currently supplying specialized stores. This distribution circuit is suffering from sales growth in supermarket stores.

***Direct Sales:***

Although there are no statistics available for direct sales, including mail order (VPC); home and internet sales, estimates suggest they total ten percent of the total food supplement market sales. The number of Internet websites selling food supplements is increasing, and they are becoming more and more popular. These websites give customers information on food supplement ingredients as well as the results to be expected. This means of distribution is very dynamic, and is expected to continue increase in the coming years.

***Major Companies in the Food Supplement Sector***

| Name of Operator | Total Amount of Sales for CY 2002 ($ Million) | Major Brands | Distribution Circuits |
|---|---|---|---|
| Laboratoire Arkopharma | $193 million | Phyto Naturland & ExtraVine (plant extracts) | Pharmacies/ Drugstores and Supermarket Stores |
| Sed (Laboratoire Juva Santé) | $37 million | Juvamine (vitamins), Juvaflorine (plant extraxts) and Evert | Specialized Stores and Supermarkets |
| Oenobiol | $28 million | Oenobiol | Pharmacies & Drugstores |
| Ogokos | $25 million | Esthederm, Biodema and Delicata | Pharmacies, Drugstores and Specialized Stores |
| Distriborg | $24 million | Equilibrance/ Vendomine/ Ephytem & Evanea | Supermarkets & Specialized Stores |
| Yves Rocher | $17 million | Santé Naturelle | Direct sales |
| Léa-Institut Vital | $20 million | Amphorm, Floressance, Natessance, Natébio | SupermarketsDrugstores & Specialized Stores |
| Olaytone | $11 million | Terrafor | Pharmacies & Drugstores |
| Pierre Fabre | $1.5 million | Pierre Fabre Santé Furterer | Pharmacies & Drugstores |
| Ponroy Santé Group (Yves Ponroy & Biohamonyl/Nutri Santé, Vitamonyl & Vitathéra | N/A | N/A | Direct Sale, Pharmacies and Supermarkets |
| Laboratoires Martin Privat | N/A | Specialized in plant extracts and vitamins | Pharmacies & Drugstores and Specialized Stores |
| Roche - R.C.H. | N/A | Minerals and vitamins | Pharmacies |

| | | | |
|---|---|---|---|
| | | (Santogan) | |
| Sandoz (Nutrition et Santé) | N/A | Cereal & Gerblé | Supermarkets |

Source: AC/Nielsen Panel

In reaction to French consumer demand, large food industry groups such as Danon and Nestlé are investing more and more in the health food/supplement sector, resulting in an hybrid market half way between food and medicine, called "aliments-santé" (Functional foods). In fact, recent mergers between pharmaceutical and food industries should reinforce the development of functional foods to the detriment of some current standard food supplements.

## *SECTION III. COSTS AND PRICES*

Pharmacies and drugstores generally carry innovative products in this category at higher prices; consumer research shows buyers are unwilling to pay these prices in supermarkets. At prices over $7.00 per unit, the French consumer generally prefers to buy a food supplement in a pharmacy or a drugstore where he can consult with someone about the products benefits.

## *SECTION IV. MARKET ACCESS*

### *Custom duties*

Food supplements are generally classified under the harmonized system (HS) 21 06 9098. However, this classification may differ according to the percentage of ingredients in the product. The French customs office is the agency responsible for determining the final classification of a product and they can be reached at the following address:

Centre de Renseignements Douaniers
84, rue d'Hauteville
75010 Paris
Tel: (33-1) 825 30 82 63
Fax: (33-1) 53 24 68 30
Email: crd-ile-de-france@douane.finances.gouv.fr

### *Regulation*

***General Information:***
The EU has recently issued, or is in the process of drafting, several directives that affect the nutritional supplements and herbal products industries. Recent and pending legislation on food supplements is changing the EU market for nutritional products from 15 separate regulatory regimes to a harmonized set of rules. In an effort to harmonize the EU market for food supplements and similar products, the European Commission has undertaken the drafting of legislation on dietetic foods, food supplements, nutritional and functional claims, herbal medicinal products and fortified foods.

For additional information on EU directives on food supplements, herbal medicines and dietetic foods, see FAS Gain Report number E23182 on the following website: www.useu.be/agri/usda.html

***Composition:***
The percentage of ingredients (vitamins/minerals and additives) in the product should correspond to the daily-recommended allowance determined in France by the French Research Center on Nutrition and Food. If the percentage of vitamins/minerals or additives is above the daily-recommended allowance or if they are not listed in French decree of 12/2/93, the manufacturer or importer should request a special authorization to market the product from the French Public Superior Council for Hygien (CSHPF).

***New EU Directive on Food Supplements:***
The new EU Directive 2002/46 on food supplements, Annexes I and II, lists vitamins/minerals and other substances, which may be used in food supplements. Vitamins/minerals and other substances not listed in these annexes of the EU Directive may be authorized by Member States on a case-by-case basis until December 31, 2009, provided the substance contained in the food supplement was already sold in the European Union prior to this directive and if the EU Food Safety Authority has not issued an unfavorable advice for the sale of the substance. In that case, a specific file needs to be submitted by the Member State to the European Commission no later than July 12, 2005.

***Labeling:***
Labels should be in French and include the following basic information:

- Product definition
- Shelf life
- Precautionary information or usage instructions, if applicable
- List of ingredients and their percentage in daily recommended allowance
- Weights, volumes, etc., in metric units
- Product’s country of origin and nane of importer or vendor within the EU
- Manufacturer’s lot or batch number

***Advertising:***
A food supplement is not a medicine and consequently advertising and labeling should not indicate any curative or preventive properties. A list of forbidden claims is listed in the official bulletin of the General Direction for French Consumption, Competition and Frauds (DGCCRF) of October 7, 1997.

***French Dietetic and Food Supplement Trade Association Concerns:***
While, vitamins and minerals are harmonized (they represent approximately 30 percent of the total market for food supplements), other ingredients such as fatty and amino acids, plants and plant extracts, etc., are still regulated by each Member State. For plants, France has a list of 34 medicinal plants authorized to be used in food supplements since 1979. However, in 1999, the French Ministry (DGCCRF) and the French Association for Food Safety (AFSSA) created a working group aimed at extending the list of authorized plants. To date, 4 lists have been determined by DGCCRF and AFSSA, however, none of them have been validated yet and the French Association for Dietetic and Food Supplement Products is working with the French Authorities.

## *SECTION V. BEST PRODUCT PROSPECTS*

In supermarkets, products selling the best are plant extracts, herbal teas and phyto-vitamins (a mix of plant extracts and vitamins) despite competition from French manufacturers, if products are of good quality, reasonably priced, with attractive packaging they can find a niche in the market.

In pharmacies and drugstores, opportunities exist for U.S. exporters carrying innovative products such as green mixtures (extracts of young shoots of wheat, oat and barley) rich in vitamins and oligo-elements. In addition, vitamin C, representing ten percent of the total market of food supplements in supermarkets and 21 percent in pharmacies is also in demand and other products such as fat blockers, meal substitutes and intestinal transit food supplements also represent best product prospects for U.S. suppliers offering quality and innovative packaging.

***SECTION VI. KEY CONTACTS AND FURTHER INFORMATION***

For further information contact:
Office of Agricultural Affairs
American Embassy
2, avenue Gabriel - 75382 Paris Cedex 08
Tel: (33-1) 43 12 2264
Fax: (33-1) 43 12 2662
Email: agparis@usda.gov
Internet: http://www.amb-usa.fr/fas/fas.htm

For more information on exporting U.S. food products to France, visit our homepage. The OAA homepage includes “The Exporter Guide”, the “HRI Food Service Report” and the “Retail food sector Report”, as well as “Food and Agricultural Import Regulations and Standards”, product briefs on the market potential for U.S. products, upcoming promotional trade shows and fairs in France.

Importer/distributor lists as well as major French supermarket buyers addresses are also available from our office to exporters of U.S. food products.
For more information on exporting U.S. agricultural products to other countries, please visit the Foreign Agricultural Service homepage: http://www.fas.usda..gov