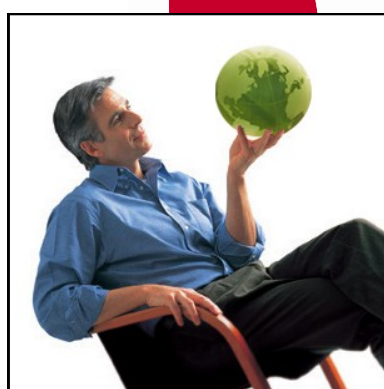
Agriculture and Agri-Food Canada | Agriculture et Agroalimentaire Canada

International Markets Bureau

MARKET INDICATOR REPORT | JANUARY 2011

Health and Wellness Trends
in the United Kingdom



Growing Forward

Canada

EXECUTIVE SUMMARY

This report uses definitions for fortified/functional, better-for-you, nutraceutical and organic foods as defined in Annex "A".

There are 61 million inhabitants in the United Kingdom (U.K.) making it one of the world's largest markets. Within this population, obesity is becoming a major health problem, with 39% of the population identified as overweight. With these factors in mind, the health and wellness trend in the U.K. is expected to grow slowly until approximately 2014, when it is expected to become a more dynamic market.

Interest in herbal/traditional products has grown alongside the increasing emphasis on health and wellness. Growth slowed, compared to previous years, as pricing became critical in decision making. Consumer education regarding herbal/traditional products remains weak; as a result, herbal/traditional products are still a niche area, with room for growth. In this highly fragmented market, manufacturers tend to focus on one area. In-store tasting, price promotions, and free give-aways have helped to engage shoppers' interest in these products.

Sports nutrition products are increasingly being accepted by the mainstream consumer. It is forecast the sector will grow by a Compound Annual Growth Rate (CAGR) of just over 1% in 2010. There is potential for new brands to enter the sports nutrition market in the coming years. Should competition increase in this market, it will put pressure on prices, possibly driving them down to appeal to the mass market.

Growth in the vitamin and dietary supplement sector has been attributed to the increased availability of products that target specific life stages and health concerns of the average U.K. consumer. Popular products include vitamin C and fish oils. The sector is highly competitive, with growth predicted to remain around 1% (in constant value terms) over the near future. Aggressive pricing strategies, heavy discounting, and promotional activities have been implemented by most key suppliers and retailers.

The combination, in the U.K., of high incomes, economic growth, and consumer acceptance of prices above the international average, may provide growth opportunities, even though price sensitivity has developed to a limited extent. Discounters are becoming more widely accepted by consumers. This value-for-money trend will affect retailer margins and profitability.

INSIDE THIS ISSUE

"PRIVATE LABEL ORGANIC FOOD LED THE PACKAGED FOOD SECTOR IN 2009, WITH 37% OF SALES."

DID YOU KNOW?

- In 2009, there were over 800 new better-for-you products introduced in the U.K.
- Of the five most popular new fortfied/functional food products launched in the U.K., three were yogurt.

MARKET DATA

Health and Wellness Market Retail Sales - US$ Millions

	2005	2006	2007	2008	2009
Health and Wellness - Packaged Food	13,787.8	14,637.1	15,534.2	16,598.8	17,428.5
Health and Wellness - Beverages	7,959	8,432.4	8,849.8	8,966.7	9,051.2

Source: *Euromonitor International, Health and Wellness.*

Health and Wellness Food and Beverage Market Sales - US$ Millions
Breakdown by category

	2005	2006	2007	2008	2009
Organic	1,325.30	1,562.90	1,834.80	1,905.80	1,945.80
Fortified/Functional	5,019.50	5,361.40	5,527.60	5,865.70	6,096.90
Better-for-you	8,844.20	9,132.20	9,544.90	10,121.30	10,562.60

Source: *Euromonitor International, Health and Wellness.*

Health and Wellness Nutritionals Market Sales - US$ Millions
Breakdown by sub-category

	2005	2006	2007	2008	2009
Vitamins and dietary supplements	970.7	1,008.2	1,044.7	1,078.5	1,104.6
Herbal/traditional products	606.9	635.9	654.4	669.5	679.2
Slimming products	144.3	143.3	146.1	150.3	152.1
Sports nutrition	118.6	124.7	129.8	135	141.7

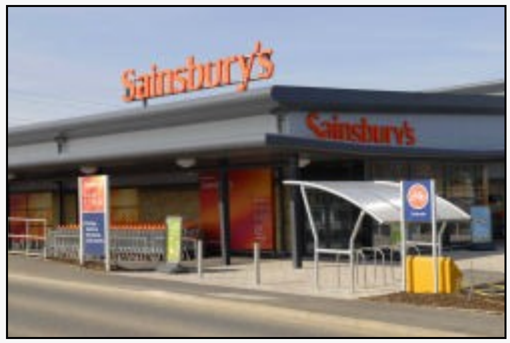
Source: *Euromonitor International, Health and Wellness.*

RETAIL STRUCTURE AND SUPPLY CHAIN

United Kingdom Top Five Grocery Retailers for 2010

Company	No. of Stores	Sales Area (sq.ft)	Average Sales Area (sq.ft)	Grocery Banner Sales (USD mn)	Market Share
Tesco	2,753	37,117,806	13,483	49,075	20.8
Sainsbury	961	20,453,400	21,283	24,172	10.7
Asda (Walmart)	383	16,874,001	44,057	22,045	9.3
Co-operative Group	5,428	16,226,929	2,989	11,834	5

Source: *Planet Retail, Grocery Retailing in the U.K. 2010.*



Source: *Mintel*

- The grocery market is concentrated, with the top five grocers accounting for over 50% of grocery retail sales. Tesco is the dominant grocer, with 21% of food sales. Sainsbury's is number two with 11% and Asda (Walmart) is the third-largest grocery chain in the U.K., with 9% of sales.
- Retail food sales in the U.K. remained stable during the recession, enabling a number of grocers to maintain sales growth, with consumers favouring items that offer the best value for money.
- Chains like Tesco, Sainsbury's, Musgrave and Somerfield are redeveloping stores to appeal to the time-constrained, higher income consumer, bringing in ready-meals and takeaway foods.
- Tesco in the U.K. carries both discount and premium products that draw a wide spectrum of consumers. Their retail structure includes convenience, virtual, and hypermarkets, offering a wide variety of store options for the consumer.
- Sainsbury's is one of the U.K.'s oldest grocery retailers. To compete, the chain has developed an aggressive pricing strategy and more innovative products. The store is focusing on healthy food, sourced with integrity.
- Asda supermarkets and superstores, with 400 across the U.K., were purchased by Walmart in 1999. However, the retail chain still operates under the Asda name. Asda has continued to expand its operations in the U.K., with the recent acquisition of Netto supermarkets. Netto was established in the U.K. in 1990, and operates 193 stores, with an average of 8,000 sq. feet per store.
- The Co-op is the U.K.'s leading convenience store operator with over 5,000 stores in operation.
- There are few major buying groups serving the U.K. because the top three companies, Tesco, Sainsbury and Asda, are integrated in structure. Two buying groups used by many convenience store outlets are NISA Today and SPAR International. Agentrics is an international buying group that acts as a retail interface connecting retailers and manufacturers.

FORTIFIED/FUNCTIONAL FOODS

Consumer Trends

- Fortified/functional food sales reached US$6.1 billion in 2009, a 3% increase over 2008. A breakdown shows beverages accounted for US$2.1 billion in sales, and packaged food equalled US$3.9 billion. Fortified/functional beverages are expected to record a 4% CAGR to 2012, and fortified/functional packaged food is expected to see a CAGR of 5%.
- U.K. consumers are aware of the role played by functional ingredients, and are increasingly purchasing products with added vitamins, minerals and other well-being ingredients. The most popular additive for 100% juice is multivitamins, while the most popular ingredient in fortified/functional juice drinks is vitamin C.
- The fruit/vegetable juice sub-sectors are all well-established and growing. The primary purchasers of these products, in the U.K., are affluent consumers who don't have time to spend on their health.
- Sports drinks are driving the fortified/functional beverages category, and will continue to do so. Energy and sports drinks are seen as alternatives to carbonated beverages and are known to be substituted for coffee, due to their high caffeine content.
- Fortified/functional foods have been widely accepted in the U.K., with yogurt being a popular food item among on-the-go consumers. However, fortified/functional foods are still viewed as slightly indulgent, keeping prices from rising too high.
- For the U.K. consumer, omega-3 is a popular fortified/functional ingredient, along with probiotic bacteria. Among fortified/functional snack bars, fibre is the most popular ingredient. The aging population will create opportunity for products claiming to lower cholesterol and improve heart health.

United Kingdom Fortified/functional Food and Beverages - Sector Analysis by Positioning Retail Sales - % breakdown

	2006	2007	2008	2009
Digestive health	23.0	25.0	27.0	29.0
Energy boosting	13.0	11.0	9.0	7.0
General health and well-being	36.0	35.0	34.0	32.0
Heart health	22.0	23.0	24.0	23.0
Immune system support	3.7	3.6	3.5	3.3
Others	2.3	2.4	2.5	5.7

Source: *Euromonitor International, Fortified/functional food and beverage analysis.*

Distribution

United Kingdom Fortified/functional Food and Beverage Distribution
Retail Sales - % breakdown

	2005	2006	2007	2008	2009
Store-Based Retailing	98.4	98.2	98.0	97.8	97.5
Supermarkets/Hypermarkets	71.2	69.8	69.7	69.5	69.1
Discounters	1.7	1.8	2.0	2.0	2.1
Small Grocery Retailers	10.3	10.1	10.3	10.3	10.3
Convenience Stores	6.4	6.6	6.8	7.0	7.1
Independent Small Grocers	2.0	1.9	1.8	1.8	1.7
Forecourt Retailers	1.8	1.7	1.6	1.5	1.5
Other store-based retailing	15.3	16.4	16.1	16.0	16.0
Other Grocery Retailers	9.0	10.1	9.8	9.5	9.5
Non-Grocery Retailers	6.3	6.3	6.3	6.4	6.5
Non-Store Retailing	1.6	1.8	2.0	2.2	2.5
Vending	0.7	0.7	0.7	0.6	0.6
Home shopping	-	-	-	-	-
Internet Retailing	0.8	1.0	1.3	1.5	1.8
Direct Selling	0.1	0.1	0.1	0.1	0.1

Source: *Euromonitor International, Fortified/functional food and beverage analysis.*

Companies and Brands

- The fortified/functional beverage sector in the U.K. is varied, with a number of manufacturers and brands and many niche players. GlaxoSmithKline is the leader in this sector, with 37% of market sales.
- Six of the top 16 most popular fortified/functional beverages in the U.K. come from either GlaxoSmithKline or Coca-Cola's product line.
- Four of the top five beverages, Lucozade, Red Bull, Relentless, and Powerade, are marketed as energy and/or sport drinks.
- Of the top five most popular fortified/functional foods, three are yogurt products.
- In the fortified/functional food category, Kellogg's dominates, with three products in the top 16 list. On the same list, six products are breakfast cereals.

Source: *Mintel*

United Kingdom Fortified/functional beverages Brand Shares (by Global Brand Name)
Retail Sales - % breakdown

Brand	Company name (GBO)	2005	2006	2007	2008	2009
Lucozade	GlaxoSmithKline Plc	37.2	38.1	39.3	38.6	37.3
Red Bull	Red Bull GmbH	13.3	13.2	13.8	13.9	14.2
Ribena	GlaxoSmithKline Plc	10.2	8.7	7.7	6.5	5.8
Relentless	Coca-Cola Co, The	-	0.6	1.2	2.8	3.6
Powerade	Coca-Cola Co, The	2.2	2.3	2.4	2.5	2.7
Vimto	Nichols Plc	1.6	1.8	1.8	1.7	1.7
5 Alive	Coca-Cola Co, The	1.4	1.3	1.2	1.2	1.2
Sunny Delight	Sunny Delight Beverages Co	2.8	1.9	1.5	1.2	1.0
Tropicana	PepsiCo Inc	0.7	0.8	0.9	0.9	1.0
Nesquik	Nestlé SA	1.1	1.0	1.0	1.0	1.0
Purdey's	Britvic Plc	3.7	3.6	0.6	0.6	0.6
Gatorade	PepsiCo Inc	-	-	-	0.4	0.6
Ovaltine	Associated British Foods Plc (ABF)	0.6	0.5	0.5	0.4	0.4
Amé	Britvic Plc	0.9	0.9	0.6	0.5	0.4
Monster	Hansen Natural Corp	-	-	-	0	0.4
Horlicks	GlaxoSmithKline Plc	1.5	1.1	0.6	0.5	0.4
V	Suntory Holdings Ltd	-	-	-	-	0.3
Isostar	Otsuka Pharmaceutical Co Ltd	-	-	-	-	0.3
Rockstar	Rockstar Inc	-	-	0	0.2	0.3
Vitsmart	Barr (AG) Plc	-	-	-	0.3	0.3
Emerge	Cott Beverages Ltd	-	-	0.1	0.2	0.3
Red Rooster	Cott Corp	0.2	0.1	0.1	0.1	0.1
Irn-Bru	Barr (AG) Plc	-	0.2	0.2	0.2	0.1
Red Devil	Red Devil NV	0.2	0.2	0.2	0.1	0.1
Lift	Apeejay Surrendra Group	0.1	0.1	0.1	0.1	0.1
Milo	Nestlé SA	0.2	0.1	0.1	0.1	0.1
Ades / Adez	Unilever Group	-	0.8	0.7	0.6	-
V	Danone, Groupe	0.4	0.4	0.4	0.4	-
Isostar	Nutrition & Santé SAS	-	0.4	0.4	0.4	-
Indigo	Nichols Plc	0.1	0.1	0.2	0.1	-
Vitsmart	Prospect Beverages Ltd	0.2	0.2	0.3	-	-
Aqua Libra	Britvic Plc	0.5	0.4	-	-	-
Isostar	Novartis AG	0.5	-	-	-	-
C-Vit	GlaxoSmithKline Plc	0.3	-	-	-	-
Virgin	Virgin Group Ltd	0.1	-	-	-	-
Private label	Private Label	1.7	1.6	1.8	2.2	2.3
Others	Others	18.4	19.6	22.3	22.4	23.6

Source: *Euromonitor International, Health and Wellness, Fortified/functional Beverages.*

United Kingdom Fortified/functional Packaged Food Brand Shares (by Global Brand Name) Retail Sales - % breakdown

Brand	Company name (GBO)	2005	2006	2007	2008	2009
Activia	Danone, Groupe	2.2	4.1	4.9	6.4	7.4
Kellogg's Special K	Kellogg Co	5.1	5.2	5.1	5.1	4.8
Weetabix	Weetabix Ltd	4.6	4.8	4.9	4.9	4.7
Actimel	Danone, Groupe	5.5	4.5	4.3	4.3	4
Petit Filous	Sodiaal SA (Société de Diffusion Internationale Agro-alimentaire)	3.7	3.8	3.7	4	3.9
Dairylea	Kraft Foods Inc	5.4	5.1	4.5	4.1	3.7
Hovis	Premier Foods Plc	-	-	2.2	2.7	3.1
Kellogg's Crunchy Nut Cornflakes	Kellogg Co	2.9	2.9	3	2.9	2.8
Yeo Valley	Yeo Valley Organic Co Ltd	2.5	3	2.9	2.8	2.7
Flora	Unilever Group	3.7	3.8	3.5	2.9	2.6
Kellogg's Corn Flakes	Kellogg Co	3	2.7	2.7	2.6	2.5
Müller	Molkerei Alois Müller GmbH & Co KG	2.9	2.7	2.6	2.1	2.2
Kellogg's Coco Pops	Kellogg Co	2	2.1	2.1	2.2	2.1
Benecol	Raisio Oyj	2.5	2.3	2.1	2.2	2.1
Warburtons	Warburtons Ltd	1.6	1.6	1.8	1.9	2
Cheerios	Cereal Partners Worldwide SA	1.9	1.8	1.9	2	1.9
Biopot	Oetker-Gruppe	1.4	1.3	1.4	1.8	1.8
Shreddies	Cereal Partners Worldwide SA	2.4	2.3	2.2	2	1.7
Halls	Cadbury Plc	-	-	-	1.7	1.7
Kellogg's Rice Krispies	Kellogg Co	1.8	1.7	1.6	1.6	1.5
Munch Bunch	Lactalis, Groupe	-	1.3	1.3	1.1	1.4
Kellogg's Nutri-Grain	Kellogg Co	1.9	1.7	1.6	1.5	1.4
Airwaves	Mars Inc	-	-	-	1.3	1.2
Rachel's	Dean Foods Co	0.7	0.6	0.9	1	1.1
Shredded Wheat	Cereal Partners Worldwide SA	1.5	1.3	1.3	1.1	1.1
Kellogg's Frosties	Kellogg Co	1.6	1.3	1.2	1.1	1
Tunes	Mars Inc	0.9	1	1	1	1
Sugar Puffs	Big Bear Ltd	-	0.9	0.9	1	0.9
Shape	Danone, Groupe	-	0.5	0.8	0.8	0.9
Yakult	Yakult Honsha Co Ltd	1.4	1	1	1	0.9
Weetos	Weetabix Ltd	0.9	0.8	0.7	0.9	0.8
Lockets	Mars Inc	0.9	0.8	0.8	0.7	0.7
Kellogg's Fruit 'n' Fibre	Kellogg Co	1.1	0.9	0.8	0.7	0.7
Orbit	Mars Inc	-	-	-	0.7	0.6
Mars	Mars Inc	0.3	0.4	0.5	0.5	0.6
Cookie Crisp	Cereal Partners Worldwide SA	0.5	0.5	0.5	0.6	0.6
St Ivel	Dairy Crest Plc	0.4	0.5	0.6	0.6	0.5
Fitness	Cereal Partners Worldwide SA	0.2	0.3	0.3	0.3	0.3
Heinz	Heinz Co, HJ	0.3	0.3	0.3	0.3	0.2
Bürgen	Associated British Foods Plc (ABF)	0.1	0.1	0.2	0.2	0.2
Munch Bunch	Nestlé SA	0.6	0.5	0.4	0.3	0.2
Nesquik	Cereal Partners Worldwide SA	0.2	0.2	0.2	0.2	0.2
Kellogg's Hunny Bs	Kellogg Co	0.3	0.3	0.2	0.2	0.2
Fisherman's Friend	Lofthouse of Fleetwood Ltd	0.2	0.2	0.2	0.2	0.2

Source: *Euromonitor International, Health and Wellness, Fortified/functional Beverages.*

New Products

- There were 24 fortified/functional new products launched in the U.K. in 2009.
- Asda launched a breakfast cereal with 50% fruit oat, wheat and bran flakes. This product has been fortified with vitamins and iron.
- Kallo Foods introduced a soy drink that contains 20% more calcium than semi-skimmed milk and five essential vitamins. This product also contains omega-6 and omega-3.
- Yum Yum Brothers Food introduced their NRG Energy bar containing taurine, caffeine and B-group vitamins.
- Alpro's new fruit flavoured soy yogurt was recently launched, containing vitamins B2 and B12 as well as calcium in an environmentally friendly package.

United Kingdom Fortified/functional Food Sector New Product Launches for 2009

Claims	Baby Food	Bakery	Breakfast Cereal	Dairy	Meals and Meal Centers	Snacks	Desserts and Ice Cream	Fruit and Vegetables
Added Calcium	4	2	1	5	1	1	1	
Babies and toddlers	14							
Children	1		1	3	1	1		
Economy			2	3		1		
Enviro Friendly Packaging	5		14	28	1	4	2	1
Bone Health	6	1	1	13	3			
Digestive	3		4	35	1	8		3
Immune System	2			7				1
Vitamin/Mineral Fortified	10	1	19	13	1	12	2	

Source: *Euromonitor International, Health and Wellness, Fortified/functional Beverages.*

Source: *Mintel*

BETTER-FOR-YOU FOODS

Consumer Trends

- Better-for-you product sales, in the U.K., reached US$10.5 billion in 2009, up from US$10.2 billion in 2008, a growth of 4.4%. In a breakdown of sales, better-for-you beverages made up US$2.9 billion, and better-for-you packaged food sales equalled US$7.6 billion.

- The economic downturn has affected the better-for-you beverage sector, resulting in less than 2% growth in sales in 2009 over 2008, evidence that consumers are cutting back on impulse purchases of beverages.

- Reduced sugar carbonates is the best-established and most dominant group of products in the better-for-you beverage sector, accounting for 54% of sales in 2009. The popularity of these products may be attributed to the entertainment and promotional tie-ins secured by some of the bigger manufacturers, such as Pepsi and Coca-Cola.

- U.K. consumers have been increasingly reaching for reduced caffeine green tea—the better-for-you beverage with the strongest growth in 2009 over the previous year. Sales of this product increased by 21%.

- The main consumers of better-for-you beverages are those looking to lose weight, with sales to women slightly stronger than those to men. Both low-sugar and no-sugar drinks are gaining in popularity. Those looking to reduce their caffeine consumption are also a strong consumer group of better-for-you beverages.

- A shift to natural foods is happening in U.K. grocery stores, along with growth in the popularity of superfoods. Better-for-you packaged food is purchased by mainstream consumers, with women and older consumers being the biggest spenders in this category.

- Within the U.K., better-for-you reduced fat packaged food is the most important category, with 91% of sales in 2009. A further breakdown shows that dairy products with 1% fat (milk and yogurt) are the most popular.

- Under threat of legislation by the U.K.'s governing food body, the packaged food industry is working to reduce the amount of fat, salt and sugar in the most commonly consumed products, in an attempt to improve overall consumer health. That said, better-for-you reduced sugar packaged food is expected to see the strongest growth in the near future.

- Fortified/functional and organic better-for-you packaged foods are becoming more important to the U.K. consumer, who is seeking products with a wider range of health benefits, or with no unwanted residues of pesticides or hormones.

- Private label better-for-you products showed good performance against branded items, with a 49% share of total sales in 2009.

Source: *Shutterstock*

United Kingdom Better-for-you (BFY) Beverages Sales by Subsector: 2005-2009

US$ millions	2005	2006	2007	2008	2009
BFY Reduced Caffeine Beverages	233.3	231.5	231.6	232.7	237.7
BFY Reduced Caffeine Hot Drinks	228.2	226.0	226.0	227.2	232.4
BFY Reduced Caffeine Soft Drinks	5.3	5.5	5.8	5.5	5.5
BFY Reduced Fat Beverages	96.2	100.5	107.8	107.9	111.1
Reduced Fat Chocolate-Based Flavoured Powder Drinks	53.5	57.5	61.3	64.6	68.1
Reduced Fat Malt-Based Hot Drinks	42.7	42.9	46.7	43.5	43.2
Other BFY Soft Drinks	-	-	-	-	-
Other BFY Hot Drinks	-	-	-	-	-
BFY Reduced Sugar Beverages	2,538.7	2,670.5	2,761.4	2,768.1	2,813.7
BFY Reduced Sugar Hot Drinks	23.0	28.6	30.4	31.5	32.2
BFY Reduced Sugar Soft Drinks	2,515.8	2,641.9	2,730.8	2,736.6	2,781.3
BFY Beverages	2,868.2	3,002.5	3,100.8	3,108.7	3,162.5

Source: *Euromonitor Health and Wellness, Better-for-you*

United Kingdom Better-for-you (BFY) Packaged Food Sales by Subsector: 2005-2009

US$ Millions	2005	2006	2007	2008	2009
BFY Reduced Carb Packaged Food	17.5	16.3	16.7	16.1	15.2
Reduced Carb Bakery Products	4.4	4.7	4.9	4.7	4.4
Reduced Carb Confectionery	2.0	2.0	2.0	1.8	1.7
Reduced Carb Ready-Meals	2.1	1.7	1.7	1.7	1.5
Reduced Carb Sauces, Dressings and Condiments	3.2	2.3	2.4	2.3	2.1
Other Reduced Carb Food	5.6	5.8	5.9	5.6	5.3
BFY Reduced Fat Packaged Food	5,987.4	6,144.3	6,397.2	6,946.7	7,316.7
Reduced Fat Bakery Products	228.2	245.2	269.3	292.1	316.2
Reduced Fat Chocolate Confectionery	15.5	15.4	15.4	14.9	14.1
Reduced Fat Dairy Products	4,078.5	4,065.7	4,198.4	4,635.8	4,886.8
Reduced Fat Ice Cream	92.1	123.9	138.8	160.2	181.3
Reduced Fat Oils and Fats	232.3	263.3	267.4	283.3	297.3
Reduced Fat Ready Meals	465.6	504.2	529.4	542.9	558.8
Reduced Fat Sauces, Dressings and Condiments	133.5	144.1	154.3	163.1	173.7
Reduced Fat Soup	62.5	63.5	64.4	64.4	66.4
Reduced Fat Spreads	0.5	0.5	0.5	0.5	0.5
Reduced Fat Sweet and Savoury Snacks	266.6	282.0	296.6	304.8	315.4
Other Reduced Fat Food	412.2	436.7	463.0	484.4	506.0
BFY Reduced Salt Food	-	14.1	21.6	23.9	25.8
Reduced Salt Ready-Meals	-	-	-	-	-
Reduced Salt Soup	-	-	-	-	-
Other Reduced Salt Food	-	14.1	21.6	23.9	25.8
BFY Reduced Sugar Packaged Food	537.0	539.4	630.0	673.5	718.4
Reduced Sugar Bakery Products	21.3	22.8	24.3	25.5	26.9
Reduced Sugar Confectionery	483.1	480.6	566.5	604.8	644.5
Reduced Sugar Dairy Products	-	-	-	-	-
Reduced Sugar Ice Cream	-	-	-	-	-
Reduced Sugar Spreads	32.8	35.9	39.2	43.2	47.0
Other Reduced Sugar Food	-	-	-	-	-
BFY Packaged Food	6,541.9	6,714.1	7,065.6	7,660.3	8,076.1

Source: *Euromonitor Health and Wellness, Better-for-you.*

Better-for-you Packaged Food Other Reduced Fat Food by Type: Sales % breakdown

% of retail sales	2004	2005	2006	2007	2008	2009
Canned/Preserved Food	7.9	8.3	8.7	9.1	8.8	8.6
Chilled Processed Food	76.7	74.8	73.8	73.0	73.0	72.9
Frozen Processed Food	15.4	17.0	17.5	18.0	18.3	18.4

Source: *Euromonitor, Health and Wellness, Better-for-you.*

Better-for-you Packaged Food Other Reduced Carb Food by Type: Sales % breakdown

% retail sales	2004	2005	2006	2007	2008	2009
Pasta	11.4	8.4	7.0	6.3	5.8	6.7
Soup	9.7	13.5	15.8	23.7	19.9	15.6
Spreads	38.2	41.3	29.2	22.1	21.0	20.0
Sweet and savoury snacks	40.7	36.8	48.1	48.0	44.3	40.1
Others	-	-	-	-	9.0	17.6

Source: *Euromonitor, Health and Wellness, Better-for-you.*

Distribution

- The two most popular better-for-you products, reduced fat yogurt and milk, are purchased mainly through supermarkets/hypermarkets.

United Kingdom Better-for-you Distribution - Retail Sales % breakdown

	2002	2003	2004	2005	2006	2007
Store-Based Retailing	98.9	98.7	98.3	97.7	96.9	95.9
Supermarkets/Hypermarkets	72.9	72.4	72.0	71.7	71.0	70.1
Discounters	2.2	2.3	2.3	2.4	2.5	2.6
Small Grocery Retailers	11.9	11.9	11.8	11.9	11.9	12.0
Convenience Stores	6.0	6.2	6.2	6.3	6.3	6.4
Independent Small Grocers	5.2	5.1	4.9	4.8	4.8	4.7
Forecourt Retailers	0.7	0.7	0.8	0.8	0.8	0.9
Other store-based retailing	12.0	12.1	12.1	11.8	11.5	11.2
Other Grocery Retailers	9.7	10.0	10.0	9.8	9.5	9.3
Non-Grocery Retailers	2.3	2.1	2.0	2.0	2.0	1.9
Non-Store Retailing	1.1	1.3	1.8	2.3	3.1	4.1
Vending	0.5	0.5	0.5	0.4	0.4	0.4
Home shopping	-	-	-	-	-	-
Internet Retailing	0.5	0.7	1.2	1.8	2.6	3.1
Direct Selling	0.1	0.1	0.1	0.1	0.1	0.6

Source: *Euromonitor, Health and Wellness, Better-for-you.*

Companies and Brands

United Kingdom Better-for-you Products Brand Shares (by Global Brand Name) Retail Sales % Breakdown

Brand	Company name (GBO)	2005	2006	2007	2008	2009
Diet Coke	Coca-Cola Co, The	6.8	6.4	5.9	5.3	5.0
Extra	Mars Inc	-	-	-	2.9	2.9
Diet Pepsi	PepsiCo Inc	2.7	2.7	2.8	2.8	2.8
Weight Watchers	Heinz Co, HJ	2.1	1.9	2.0	2.0	1.9
Volvic	Danone, Groupe	1.6	1.9	2.3	2.1	1.9
Pepsi Max	PepsiCo Inc	2.0	1.8	1.7	1.7	1.8
Express Dairies	Dairy Crest Plc	-	-	2.6	1.8	1.8
Müller	Molkerei Alois Müller GmbH & Co KG	2.4	1.9	1.8	1.9	1.7
Robinsons	Britvic Plc	1.5	1.6	1.6	1.6	1.6
Cravendale	Arla Foods Amba	0.9	1.0	1.3	1.6	1.5
Dairy Crest	Dairy Crest Plc	1.8	1.5	1.3	1.3	1.2
Weight Watchers	Weight Watchers International Inc	1.2	1.2	1.2	1.2	1.2
Lurpak	Arla Foods Amba	0.6	0.8	0.9	1.0	1.1
Walkers	PepsiCo Inc	0.6	1.0	1.0	1.0	1.0
Ribena	GlaxoSmithKline Plc	1.6	1.5	1.3	1.2	1.0
Flora Light	Unilever Group	0.9	0.9	0.9	0.9	0.8
Coca-Cola Zero	Coca-Cola Co, The	-	0.6	0.7	0.7	0.8
Nescafé	Nestlé SA	0.9	0.8	0.8	0.7	0.7
Trident	Cadbury Plc	-	-	-	0.7	0.7
Hellmann's	Unilever Group	0.5	0.5	0.5	0.5	0.5
Irn-Bru	Barr (AG) Plc	0.4	0.4	0.4	0.4	0.5
Kenco	Kraft Foods Inc	0.5	0.5	0.4	0.4	0.5
Fanta	Coca-Cola Co, The	0.7	0.6	0.5	0.5	0.4
Pringles	Procter & Gamble Co, The	0.4	0.5	0.5	0.4	0.4
Oasis	Coca-Cola Co, The	0.3	0.4	0.4	0.4	0.4
McVitie's	United Biscuits (Holdings) Plc	0.4	0.4	0.4	0.4	0.4
Heinz	Heinz Co, HJ	-	0.3	0.4	0.3	0.3
Sprite Zero	Coca-Cola Co, The	0.4	0.3	0.3	0.3	0.3
Robinson	Britvic Plc	-	0.1	0.3	0.3	0.3
Dr Pepper	Coca-Cola Co, The	0.3	0.3	0.3	0.3	0.3
Horlicks	GlaxoSmithKline Plc	0.3	0.3	0.4	0.3	0.3
Schweppes	Coca-Cola Co, The	0.2	0.2	0.2	0.3	0.3
Anchor	Fonterra Co-operative Group	0.2	0.2	0.2	0.2	0.3
Perfectly Clear	Silver Spring Mineral Water Co Ltd	0.2	0.2	0.2	0.2	0.2
Options	Associated British Foods Plc (ABF)	0.3	0.3	0.2	0.2	0.2
Philadelphia	Kraft Foods Inc	0.2	0.2	0.2	0.2	0.2
Vimto	Nichols Plc	0.2	0.2	0.2	0.2	0.2
Cadbury's Highlights	Cadbury Plc	-	-	-	0.2	0.2
Diet 7-Up	PepsiCo Inc	0.2	0.1	0.1	0.1	0.1
Ocean Spray	Ocean Spray Cranberries Inc	0.2	0.2	0.2	0.2	0.1
Orangina	Suntory Holdings Ltd	-	-	-	-	0.1
Douwe Egberts	Sara Lee Corp	0.1	0.1	0.1	0.1	0.1
Orbit	Mars Inc	-	-	-	0.1	0.1
Private label	Private Label	33.9	34.3	34.8	37.5	38.3
Others	Others	24	24.2	23.5	22.4	22.7

Source: *Euromonitor, Health and Wellness, Better-for-you.*

New Products

- In the U.K., there were over 800 new better-for-you products introduced in 2009 .
- The low/no/reduced fat category, had 198 new products launched across several categories in 2009. The most activity was in the *yogurt category,* with 49 products launched, and *prepared meals* with 47 new products.
- The no additives/preservatives category showed over 140 new products introduced in 2009, with the most activity coming from the *prepared meals* and *cereals* categories.
- The low/no/reduced sugar claim was the next most dynamic sector, with over 100 new products launched in 2009.
- Since the beginning of June 2010, there have been 321 new BFY food products introduced.
- Marks and Spencer introduced a new fat-free cranberry and raspberry flavoured yogurt. The product claims to contain no artificial colours, flavours or preservatives. This product also comes in a vanilla and chocolate combination as well.
- Young's reformulated and repackaged their "Chip Shop" fish and chips product, highlighting that it has been made with sunflower oil and contains 5% less saturated fat and 25% fewer calories than the original formulation. The packaging also states the product contains half the fat found in regular fish and chips products.

Source: *Mintel*

United Kingdom Better-for-you New Product Launches for 2009—by category and claim

	Low/No/ Reduced Fat	Vegetarian	No Additives/ Preservatives	Low/No/ Reduced Sugar	Ethical - Environmentally Friendly Package	Low/No/ Reduced Allergen	Gluten Free	Low/No/ Reduced Sodium
Prepared Meals	47	7	30	10	31	3	0	7
Cold Cereals	25	36	20	20	31	8	4	25
Spoonable Yogurt	49	38	15	6	14	13	13	0
Savoury/ Salty Snacks	34	25	19	5	0	13	12	2
Confiture and Fruit Spreads	1	26	3	26	0	23	23	0
Wet Soup	23	15	18	6	13	4	4	0
Snack/ Cereal/ Energy Bars	11	14	12	11	2	5	3	6
Cakes, Pastries and Sweet Goods	11	8	2	11	2	10	9	1
Fruit Snacks	8	2	15	12	1	6	2	2
Vegetables	0	2	3	12	3	1	1	18

Source: *Mintel*

NUTRACEUTICALS

Consumer Trends

- Sales of herbal/traditional products grew by 1% in current value terms in 2009, reaching US$661 million. Consumer education regarding herbal/traditional products remains weak, but is growing alongside increasing emphasis on health and wellness. This lack of knowledge has resulted in consumers responding best to packaging emphasizing health claims, not active ingredients. When purchasing traditional herbal products, consumers are more careful with their spending and are turning to cheaper generic and private label brands. Herbal/traditional digestive remedies grew by 2% in 2009, reaching US$104.6 million. These products are mainly favoured by older consumers, many of whom are taking them in tandem with other medicines to treat chronic diseases. Interest in herbal tea is growing, however, market growth could be affected by a new European Union directive that will change the use of herbal ingredients and tighten controls on associated health claims.

- Herbal vitamins and dietary products are flooding the market, with private labels gaining in popularity. When comparing standard to herbal/traditional vitamins, standard vitamins have dominated, capturing over 80% of sales since 1997. The dietary supplements market registered US$1.1 billion in sales for 2009, representing growth of 2.4%. U.K consumers of vitamin and dietary supplements have been concerned with boosting their immune systems and overall health. Vitamins C, D, and fish oil supplements have been the highest-selling products in this sector, with fish oil sales leading in 2009. Child-specific dietary supplements showed the most dynamic growth for 2009. All other vitamins saw sales values decline in 2009.

- A reported 8.5 million Britons are sleep deprived, so the need for sleep-inducing products is on the rise.

- Slimming product sales grew by 1% in 2009 to reach US$69.7 million. A subsector breakdown shows weight loss supplements are the most popular products, followed by meal replacement products. Consumer interest in specialty teas is growing with a preference for ginger, lemon and green tea flavours. However, it remains a small market niche. Weight loss supplements were the most dynamic sector in 2009, growing over 3% from 2008.

- Sales of sports nutrition products in 2009 reached US$141.7 million, showing growth of 5% in value terms. Protein powder is the most popular sports nutrition product in the United Kingdom, with 38% of sector sales in 2009, followed by pre-mixed protein drinks. The typical consumer of sports nutrition products in the U.K. is fairly committed to the sector and is devoted to continuing use of these products. No longer used solely by bodybuilders, sports nutrition products are seeing an increase in interest by the general population.

United Kingdom Sports Nutrition Sector Analysis by Format - Retail Sales % breakdown

	2004	2005	2006	2007	2008	2009
Protein Bars	-	-	-	8.5	8.5	8.7
Protein Powder	-	-	-	38	37.8	37.6
Protein Ready to Drink	-	-	-	12.5	13	13.5
Other Sports Nutrition Products	-	-	-	41	40.8	40.2

Source: *Euromonitor International, Consumer Health*
Note: *2009 data is provisional and based on part-year estimates.*

United Kingdom Forecast Sales of Vitamins and Diet Supplement Products by sub-sector 2009-2014

US$ billions	2010	2011	2012	2013	2014
Vitamins and Dietary Supplements	1.00	1.10	1.12	1.13	1.14

Source: *Euromonitor International, Herbal Traditional Products.*

United Kingdom Forecast Sales of Herbal Traditional Products by sub-sector 2009-2014

US$ millions	2010	2011	2012	2013	2014
Herbal Traditional Products	666.6	673.6	682.8	693	703.6

Source: *Euromonitor International, Sports Nutrition Products*

United Kingdom Forecast Sales of Sports Nutrition Products by subsector 2009-2014

US$ millions	2010	2011	2012	2013	2014
Sports nutrition	140.7	142.6	143.9	144.9	145.9

Source: *Euromonitor International, Sports Nutrition Products*

United Kingdom Forecast Sales of Slimming Products by subsector 2009-2014

US$ millions	2011	2012	2013	2014
Meal Replacement Slimming	55.9	54.5	53.3	52.5
Slimming Teas	14.7	14.7	14.7	14.7
Weight Loss Supplements	71.5	71.3	70.8	70.1
Other Slimming Products	3.4	3.4	3.4	3.4

Source: *Euromonitor International., Slimming Products*

Distribution

- Products like herbal teas are increasingly being purchased in supermarkets and hypermarkets.
- Chemists/pharmacies are the most significant distribution channel for herbal/traditional products, with a 43% share of distribution in 2009. Health food shops are losing out to Internet sales, with their share falling to 8%. Herbal/traditional products, such as digestive remedies, calming and sleeping products, and hay fever relief products, are increasingly being sold through grocery retailers and chains such as Boots.
- Digestive remedies, calming/sleeping products, and hay fever relief products are showing up more and more on the shelves of grocery retailers and chain stores such as Boots.
- Most supermarkets have a sports nutrition section that is stocked with well-known, recognized brands. Lucozade is one example.
- Direct sales and Internet sales are important sources for the U.K. sports nutrition consumer. It is also becoming favourable to open independent, specialist, retail venues that focus only on sports nutrition products.
- Grocery retailers were the most popular option for purchasing slimming products, capturing 44% of sales in 2009.
- Aggressive pricing, heavy discounting and promotional activities are being implemented by most vitamin suppliers and retailers.
- Boots is the leading drugstore retailer in the U.K. It merged with Alliance Unichem in 2006, creating a network of 2,600 healthcare outlets. Other key retailers in this sector are Celesio (Lloyds) and AS Watson (Savers and Superdrug). A growing number of these stores are located next to supermarkets and healthcare centres.

United Kingdom Slimming Products Distribution - Retail Sales % Breakdown

	2005	2006	2007	2008	2009
Store-Based Retailing	81.4	80.7	81.7	81.8	82.6
Grocery Retailers	41.2	41.5	41.8	42.3	42.9
Non-Grocery Retailers	40.2	39.2	40	39.6	39.7
Chemists/Pharmacies	16.2	15.8	16.2	16	15.9
Parapharmacies/Drugstores	15.9	15.6	15.7	15.6	15.4
Healthfood shops	6.9	6.9	7.2	7.3	8
Mass Merchandisers	-	-	-	-	-
Other Non-Grocery Retailers	1.2	0.9	0.9	0.6	0.4
Non-Store Retailing	18.6	19.3	18.3	18.1	17.4
Vending	-	-	-	-	-
Home shopping	-	-	-	-	-
Internet Retailing	1.5	2.5	2.6	2.8	2.8
Direct Selling	17.1	16.8	15.7	15.4	14.6

Source: *Euromonitor International, Consumer Health.* ***Note:*** *2009 data is estimated.*

United Kingdom Sports Nutrition Distribution - Retail Sales % breakdown

	2005	2006	2007	2008	2009
Store-Based Retailing	77.4	77.1	76.5	76.1	76
Grocery Retailers	4	4.3	5	5.5	5.7
Non-Grocery Retailers	73.4	72.9	71.5	70.6	70.3
Chemists/Pharmacies	9.4	9.1	9.1	8.8	8.7
Parapharmacies/Drugstores	31.3	31	31.4	31.4	31.3
Healthfood shops	28.6	28.6	28.7	28.8	28.8
Mass Merchandisers	-	-	-	-	-
Other Non-Grocery Retailers	4.1	4.1	2.3	1.6	1.5
Non-Store Retailing	22.6	22.9	23.5	23.9	24
Vending	-	-	-	-	-
Home shopping	1.9	2.1	2.3	2.5	2.3
Internet Retailing	15.2	15.2	15.5	15.6	15.8
Direct Selling	5.5	5.6	5.7	5.8	5.8

Source: *Euromonitor International, Consumer Health* ***Note:*** *2009 data is estimated.*

United Kingdom Vitamins and Dietary Supplements Distribution - Retail Sales % breakdown

	2005	2006	2007	2008	2009
Store-Based Retailing	70.7	68.7	66.4	65.2	64.2
Grocery Retailers	27.2	26.9	26	25.6	25
Non-Grocery Retailers	43.5	41.8	40.4	39.5	39.2
Chemists/Pharmacies	10.4	9.9	9.4	9.4	9.3
Parapharmacies/Drugstores	18.1	17.5	16.9	16.2	16
Healthfood shops	14.8	14.2	13.9	13.7	13.5
Mass Merchandisers	0.3	0.2	0.2	0.2	0.2
Other Non-Grocery Retailers	0	0	0	0.1	0.2
Non-Store Retailing	29.3	31.3	33.6	34.8	35.8
Vending	-	-	-	-	-
Home shopping	9.3	10.4	11	10.9	10.7
Internet Retailing	7.9	9.4	12	14.3	16.1
Direct Selling	12.1	11.5	10.6	9.7	9

Source: *Euromonitor International, Consumer Health* ***Note:*** *2009 data is estimated.*

United Kingdom Top 40 Herbal/Traditional Products Brand Shares (by Global Brand Name) Retail Sales - % breakdown

Brand	Company name (GBO)	2006	2007	2008	2009
Halls	Ernest Jackson Ltd.	11.6	10.8	10.4	10.6
Tunes	Masterfoods UK Ltd	6.1	6.2	6.1	6.1
Lockets	Masterfoods UK Ltd	5.0	4.7	4.4	4.4
Senokot	Reckitt Benckiser Plc	4.1	4.0	3.9	3.9
Witch	De Witt & Co Ltd, E C	2.1	1.9	1.9	1.9
Vicks	Procter & Gamble Ltd	2.0	2.1	1.9	1.9
Dulcolax	Boehringer Ingelheim Ltd	1.8	1.8	1.8	1.8
Holland & Barrett	Holland & Barrett Retail Ltd	1.8	1.7	1.7	1.6
Fybogel	Reckitt Benckiser Plc	1.3	1.3	1.3	1.3
Boots	Boots Co Plc, The	1.6	1.5	1.4	1.3
Nytol	GlaxoSmithKline Plc	1.2	1.0	1.0	1.2
Pukka	Pukka Health Ltd	0.9	1.1	1.1	1.2
Red Kooga	Chefaro Proprietaries Ltd	1.2	1.1	1.1	1.1
Yogi	Yogi Tea Co	0.8	0.9	0.9	1.0
Fisherman's Friend	Lofthouse of Fleetwood Ltd	1.0	1.0	1.0	1.0
Califig	Merck Consumer Healthcare Ltd	1.5	1.2	0.9	0.9
Health E Tea	Health E Tea Co Ltd	0.7	0.7	0.9	0.9
Ex-Lax	Novartis Consumer Health UK Ltd	0.9	0.9	0.9	0.9
Sudafed	Pfizer Consumer Healthcare Ltd	0.8	0.8	0.9	0.9
Kwai	Lichtwer Pharma UK Ltd	0.9	0.9	0.8	0.8
Karvol	Reckitt Benckiser Plc	0.8	0.7	0.7	0.7
Olbas	Ernest Jackson Ltd	0.7	0.7	0.7	0.7
Ideal Health	Ideal Health Group Ltd	0.5	0.6	0.6	0.6
Ricola	Cedar Health Ltd	0.7	0.7	0.6	0.6
Ginkyo	Lichtwer Pharma UK Ltd	0.6	0.6	0.6	0.6
Healthcrafts	Chefaro Proprietaries Ltd	0.7	0.6	0.5	0.5
Hofels	Seven Seas Ltd	0.6	0.5	0.5	0.5
Kamillosan	Goldshield Pharmaceuticals Europe Ltd	0.5	0.5	0.5	0.5
Dr Stuarts	Only Natural Products Ltd	0.3	0.3	0.4	0.4
Seven Seas	Seven Seas Ltd	0.5	0.4	0.4	0.3
Kalm	Lane Health Products Ltd, GR	0.1	0.3	0.3	0.3
Arkocápsulas	Arkopharma SA, Laboratoires Pharmaceutiques	0.3	0.3	0.3	0.3
Tiger Balm	SSL International Plc	0.2	0.2	0.3	0.3
Hacks	Ernest Jackson Ltd	0.3	0.2	0.2	0.2
Honeyrose	Honeyrose Products Ltd	0.2	0.2	0.2	0.2
Revitonil	Chemist Brokers Ltd	0.2	0.2	0.2	0.2
Cynara	Chemist Brokers Ltd	0.2	0.2	0.2	0.2
Efamol	Nutricia Holdings Ltd	0.2	0.2	0.2	0.1
Nylax	Reckitt Benckiser Plc	0.1	0.1	0.1	0.1
Healthilife Artichoke Extracts	Healthilife Ltd	0.1	0.1	0.1	0.1
Solgar	Solgar Vitamins & Herbs Ltd	0.1	0.1	0.1	0.1

Source: *Euromonitor International, Consumer Health*

Companies and Brands

- Packaging that provides clearly communicated health benefits is pushing some products to the forefront of their segment. Bedtime, stomach ease and detoxication products are prime examples. In addition, mainstream brands are exploiting the health properties of tea.

- Scheabe Pharma launched a registered herbal medicinal product to help relieve the symptoms of cold and flu infections. In 2009, New Zealand Natural Food Co. launched its adult cold treatment elixir in a version especially designed for children.

- Pukka is the leading tea brand within the herbal/traditional teas category, and is responsible for 24% of all sales. In 2009, Yogi followed with 20% of all tea sales.

- In the sports nutrition category, Maximuscle Ltd. owns 45% of market share and has maintained leadership status since 2005. Tesco has become the dominant player in the sports drink sector, releasing 31% of the new sports drinks launched in the U.K. over 2009. Both Maximuscle and EAS also remain popular tying their products into local sports teams, and are continually introducing new and re-vamped products to the market.

- Weight Watchers is the biggest player in the slimming products sector, with 38 of the 89 new products launched in this category, in the U.K., since June 2009. Other major players were Tesco in second place, followed by Marks & Spencer.

United Kingdom Slimming Products Brand Shares (by Global Brand Name) - Retail Sales - % breakdown

Brand	Company name (GBO)	2005	2006	2007	2008	2009
Slim Fast	Unilever Group	34.0	30.3	30.9	30.8	30.7
Herbalife	Herbalife Ltd	18.0	17.3	15.6	15.7	12.3
Adios	Diomed Group	3.2	6.3	8.1	8.6	9.0
LIPObind	Goldshield Group Plc	-	-	4.0	4.6	7.1
Zotrim	Natures Remedies Ltd	1.7	2.7	4.0	3.7	3.6
Atkins Advantage	Atkins Nutritionals Inc	3.1	3	2.5	2.3	3.0
Appesat	Goldshield Group Plc	-	-	-	-	0.8
Formoline L112	Certmedica International GmbH	-	-	-	0.6	0.7
Body Perfect	Bio Synergy Ltd	-	0.5	0.5	0.6	0.6
Femmeherb Slim Aid	Potters Ltd	-	-	0.2	0.4	0.6
Pu-Erh-Tea	Slimming Solutions Ltd	0.3	0.3	0.3	0.3	0.4
Slimming Tea	New Impression Ltd	0.2	0.2	0.2	0.3	0.3
Glycoslim	Mannatech Inc	0.6	0.5	0.4	0.3	0.2
GlycoLEAN	Mannatech Inc	0.4	0.4	0.3	0.2	0.1
Shapers	Boots Co Plc, The	-	-	-	-	-
NutraSlim	Boots Co Plc, The	-	-	-	-	-
Private label	Private Label	2.6	2.5	1.4	1.2	1.1
Others	Others	35.9	36.0	31.4	30.3	29.5

Source: *Euromonitor International, Consumer Health*
Note: *2009 data is estimated.*

United Kingdom Vitamins and Dietary Supplements Top 15 Brand Shares (by Global Brand Name) - Retail Sales - % breakdown

Brand	Company name (GBO)	2005	2006	2007	2008	2009
Holland & Barrett	NBTY Inc	13.9	13.7	13.5	13.3	13.2
Boots	Alliance Boots Plc	-	9.3	9.4	9.5	9.6
Seven Seas	Merck KGaA	6.5	6.4	6.4	6.4	6.5
Sanatogen	Bayer AG	5.1	4.6	4.6	4.4	3.9
Healthspan	Healthspan Group Ltd	2.8	2.8	2.8	2.9	3
Perfectil	Vitabiotics Ltd	1.9	1.9	2	2.2	2.4
Imedeen	Ferrosan A/S	1.5	1.6	1.8	2	2.2
Haliborange	Merck KGaA	2	2	2.1	2	2
Healthy Direct	Healthspan Group Ltd	-	-	-	1.7	1.8
Health Perceptions	Ransom Consumer Healthcare	1.6	1.8	1.7	1.6	1.6
Jointace	Vitabiotics Ltd	0.8	0.9	1.1	1.3	1.5
Equazen Eye Q	Galenica Holding AG	-	1.2	1.6	1.5	1.5
Pregnacare	Vitabiotics Ltd	0.8	0.9	1.1	1.2	1.3
Centrum	Pfizer Inc	-	-	-	-	1.3
Goldshield	Goldshield Group Plc	1.2	1.2	1.2	1.2	1.3

Source: *Euromonitor International, Consumer Health.*
Note: *2009 data is provisional and based on part-year estimates.*

United Kingdom Sports Nutrition - Brand Shares (by Global Brand Name) - Retail Sales % breakdown

Brand	Company name (GBO)	2005	2006	2007	2008	2009
Maximuscle	Maximuscle Ltd	11.3	13.3	25.2	36.0	44.6
EAS	Abbott Laboratories Inc	4.5	8.9	17.0	21.9	25.1
Prolab	Plethico Pharmaceuticals Ltd	2.0	2.0	2.0	2.0	2.0
Holland & Barrett	NBTY Inc	1.1	1.1	1.2	1.2	1.2
Private label	Private Label	0.6	0.6	0.6	0.6	6.0
Others	Others	80.6	74.1	54.0	38.4	26.5

Source: *Euromonitor International, Consumer Health; Sports Nutrition*
Note: *2009 data is provisional and based on part-year estimates.*

New Products

- Manufacturers are likely to stress the functional properties of a product, as many plants and herbs are unknown to consumers.

- The vitamins and dietary supplement sector was active, with 162 new product launches over the past year. Nestle leads this sector with 11 new products introduced. Seven Seas and Vitabiotics tie for second place with nine new products each. Nordic Naturals, ARK Health and Beauty and Fushi released eight new products each, while HealthAid introduced seven new products. As evidenced by the numbers, no one manufacturer is monopolizing the market.

- Another active sector was the herbal/traditional market, with 120 new product releases over the past year. The most active sub-category was *vitamins and supplements,* with 52 new products launched. *Pain relief, decongestive, cough, cold and flu, and digestive and detoxifying treatments* all saw eight new products launched.

- In the slimming category, 89 new weight management products were launched over the past year. The most popular categories were *prepared meals* (27 new products), *bakery* (15 new products), and *snacks* (9 new products).

- There were 39 new sport drinks launched in the U.K. over the past year. Following is a breakdown of the most popular sub-categories. Twenty-five new energy foods were launched in the U.K. over the past year. The three most popular sub-categories were *energy bars* (4 new products), *nuts* (3 new products), and *meat snacks* (2 new products). Ten *vitamin/mineral fortified* drinks were launched, and eight *no additives or preservatives* drinks were introduced.

- GlaxoSmithKlein launched Lucozade Sport Lite summer berries flavoured sport drink which contains only 58 calories with electrolytes and B vitamins added. The drink also claims to contain 70% less sugar than regular sports drinks. This drink is also offered in a lemon and lime variety.

- Another interesting new product launched is a mixed nut snack by Asda. The Snacking sea salt and black pepper almonds and seeds mix also contains pumpkin seeds, sunflower seeds, pine nuts and hemp seed. The product claims to be high in fibre, protein and vitamin E, as well as free from artificial preservatives and flavourings.

- Tesco's Light Choices lasagna contains 60% less fat than their regular lasagna, is low in saturates and is free of artificial preservatives, flavours, colours and hydrogenated fat.

- Vitabiotics launched Menopause Night supplement containing 24 nutrients and vitamins to support women's health and assist them as they progress through menopause.

Source: *Mintel*

Consumer Trends

- The U.K. organic market has been growing since 2004, but slowed substantially from 2007 to 2009, with a growth rate of 3% per year. This loss of momentum was attributed to the economic recession. Sales started to rebound post recession in 2009, reaching US$1.9 billion.

- Organic beverage sales were US$222.3 million in the U.K. for 2009, and organic food sales were US$1.7 billion.

- U.K. organic beverages are seeing many new product introductions. Coffee and tea were the most dynamic beverages in this sector with 25% growth in sales.

- The organic beverages market is maturing, so manufacturers will need to differentiate their products with a combined healthy image and innovative twist. U.K. consumers are willing to pay for quality organic beverages if they taste good.

- Juice manufacturers are expanding their product ranges and offering different-sized pack formats, as consumers move away from carbonated drinks.

- To adapt to the economic downturn, some U.K. consumers abandoned organic packaged food and returned to standard products. However, U.K. parents continued feeding their babies with organic products in 2009. Organic baby food has been the most dynamic product in 2009, with the highest value sales growth at 11%, and volume growth of 8% over the previous year. Baby food manufacturers are introducing more varied flavours so as to appeal to a wider range of tastes.

- U.K. consumers of organic packaged food have had their confidence in the value of organic products shaken by negative media attention. In response, the European Commission launched an “organic farming good for you” campaign to counter this negativity. In June of 2010, the European Union also provided the U.K. organic industry with US$1.5 million for a new promotional campaign, publicizing the benefits of organic food.

- Ethical packaging and claims, such as free-range or fair-traded packaged food are becoming popular with the U.K. consumer.

- Consumers are seeking the most economical options within private label offerings and finding it difficult to justify paying premium prices for organic products that do not offer any additional value, such as ethical production or environmental packaging.

Source: *Shutterstock*

United Kingdom Organic Packaged Food by Sub-sector: Sales 2005-2009

US$ millions	2005	2006	2007	2008	2009
Organic Baby Food	157.93	182.25	208.24	231.65	257.03
Organic Bakery Products	186.96	196.08	212.49	197.45	193.49
Organic Confectionery	70.38	90.29	109.29	117.80	120.08
Organic Dairy Products	338.96	457.37	604.50	649.95	661.96
Organic Ice Cream	45.45	50.62	56.69	39.60	62.78
Organic Oils and Fats	18.09	21.89	25.08	28.42	31.16
Organic Ready-Meals	107.92	127.07	148.81	138.93	134.98
Organic Rice	8.06	8.82	9.88	10.18	11.09
Organic Sauces, Dressings and Condiments	21.58	26.75	29.64	31.77	32.98
Organic Snack Bars	8.97	8.66	8.97	8.97	9.12
Organic Soup	37.54	39.98	42.86	44.84	46.36
Organic Spreads	42.41	50.31	60.49	66.73	66.42
Organic Sweet and Savoury Snacks	94.69	96.37	98.04	93.94	91.35
Other Organic Food	93.63	103.82	114.00	118.10	115.06
Organic Packaged Food	1,232.72	1,460.57	1,729.00	1,799.07	1,833.88

Source: *Euromonitor International, Health and Wellness, Organic.*

Distribution

- Retail channels such as supermarkets/hypermarkets and discounters accounted for 71% of the total value of organic sales in 2009.
- Small, independent U.K. grocers represented almost 16% of total organic sales in 2009. The nature of their make-up allows them to carry niche products from small companies.
- Many organic farmers are setting up their own websites to sell directly to consumers. While these Internet sales accounted for only 2.2% of total sales in 2009, the outlet has almost doubled its sales since 2005.
- Branded organic packaged food has been performing well, however, private label has remained the leader in 2009, accounting for 37% of total sales. This growth is due to the strong position of supermarkets/ hypermarkets as distribution channels.

United Kingdom Organic Products Distribution - Retail Sales % breakdown

	2005	2006	2007	2008	2009
Store-Based Retailing	98.3	98.2	98	97.7	97.5
Supermarkets/Hypermarkets	68.3	68.6	68.9	68.7	68.6
Discounters	1.6	1.8	1.9	2.0	2.1
Small Grocery Retailers	19.4	19.9	20.3	20.7	21
Convenience Stores	3.5	3.7	3.8	3.9	4.0
Independent Small Grocers	14.7	15.0	15.2	15.4	15.6
Forecourt Retailers	1.2	1.3	1.3	1.4	1.5
Other store-based retailing	9.0	8.0	6.9	6.3	5.8
Other Grocery Retailers	7.2	6.2	5.3	4.7	4.3
Non-Grocery Retailers	1.8	1.7	1.7	1.6	1.5
Non-Store Retailing	1.7	1.8	2.0	2.3	2.5
Vending	0.4	0.4	0.4	0.4	0.3
Homeshopping	-	-	-	-	-
Internet Retailing	1.2	1.4	1.6	1.9	2.2
Direct Selling	0.1	0	0	0	0

Source: *Euromonitor International, Health and Wellness, Organic.*

Companies and Brands

United Kingdom Organic Products Brand Shares (by Global Brand Name)
Retail Sales % breakdown

Brand	Company name (GBO)	2005	2006	2007	2008	2009
Yeo Valley	Yeo Valley Organic Co Ltd	6.7	7.2	7.3	8.0	7.6
Hipp	Hipp GmbH & Co Vertrieb KG	4.4	4.2	4.3	4.8	5.0
Green & Black's	Cadbury Plc	-	-	-	4.2	4.3
Rachel's	Dean Foods Co	2.6	2.5	2.4	2.1	2.2
Organix	Organix Brands Plc	1.6	1.5	1.5	1.7	1.8
Simply Organic	Simply Organic Ltd	2.4	2.2	2.0	1.8	1.6
Duchy Originals	Duchy Originals Ltd	1.8	1.9	1.8	1.7	1.5
Artisanal	Artisanal	3.0	2.5	2.2	1.8	1.5
Seeds of Change	Mars Inc	1.1	1.0	1.2	1.2	1.2
Heinz	Heinz Co, HJ	1.6	1.4	1.2	1.2	1.1
Grove Fresh	United Foods International	1.6	1.3	1.4	1.2	1.1
Alpro	Dean Foods Co	-	-	-	-	1.0
Cauldron	Premier Foods Plc	1.5	1.3	1.1	1.0	0.8
Pasta Chef	Pasta Lensi Ltd	0.8	0.8	0.8	0.8	0.8
Organics	James White Drinks Ltd	0.9	0.9	0.8	0.8	0.8
Belvoir Organic Cordials	Belvoir Fruit Farms	0.5	0.5	0.6	0.5	0.5
Twinings	Associated British Foods Plc (ABF)	0.6	0.6	0.5	0.5	0.5
Weetabix	Weetabix Ltd	0.4	0.5	0.4	0.4	0.4
Calypso Organic	Calypso Soft Drinks Ltd	0.5	0.4	0.4	0.4	0.4
Rocks Organic	Rock's Country Wines Ltd	0.3	0.3	0.3	0.3	0.3
Boots	Boots Co Plc, The	0.6	0.3	0.2	0.2	0.3
Teadirect	Cafédirect Ltd	0.2	0.2	0.2	0.2	0.3
RDA Organic	Boost Trading Ltd	0.1	0.1	0.2	0.2	0.2
Geo Organic	Geo Organic UK Ltd	0.3	0.3	0.3	0.3	0.2
Kallo	Wessanen NV, Koninklijke	0.1	0.2	0.2	0.2	0.2
Tetley	Tata Tea Ltd	0.2	0.2	0.2	0.2	0.2
Rowse	Rowse Honey Ltd	0.2	0.2	0.2	0.2	0.2
Quaker Oats	PepsiCo Inc	0.1	0.2	0.2	0.2	0.2
Cafédirect	Cafédirect Ltd	0.2	0.1	0.1	0.1	0.1
Jordans	Jordan Cereals Ltd, W	0.2	0.2	0.1	0.1	0.1
Plamil	Plamil Foods Ltd	0.1	0.1	0.1	0.1	0.1
Traidcraft Organic Chocolate	Traidcraft Plc	0.1	0.1	0.1	0.1	0.1
Percol	Food Brands Group Ltd	0.1	0.1	0.1	0.1	0.1
Babynat	Vitagermine SA	0.1	0.1	0.1	0.1	0.1
September Organic	September Organic Dairy	0.2	0.2	0.1	0.1	0.1
Clipper	Clipper Teas Ltd	0.2	0.2	0.2	0.1	0.1
Country Life	Dairy Crest Plc	-	0.1	0.1	0.1	0.1
Private label	Private Label	27.5	30.4	33.6	34.0	33.2
Others	Others	34.7	31.5	28.6	28.2	29.9

Source: *Euromonitor International, Health and Wellness, Organic.*

New Products

- New organic products that were launched in the U.K. in 2009 exceeded 400. This is a large number in comparison to many other developed countries—a sign that the organic market is maturing in the U.K.
- Steenbergs Organics has added a range of cake decorations to its product line. The line contains flavor strands, chocolate drops, rainbow sugar strands, and lemon and orange flavor slices.
- Organix re-launched its four-grain baby cereal with new packaging that highlights the organic, no sugar, no additives features of the product. It also claims to have added vitamin B1, and to be free of both gluten and wheat.
- Rachels has introduced an organic yogurt made with a hint of honey. The product claims to be a low-fat, natural, biolive yogurt that is certified organic, gluten-free and contains probiotic cultures.
- Tesco organic fresh egg pasta won the Pizza, Pasta and Italian Food Association (PAPA) industry award in 2009, for fresh pasta retailer of the year.

Source: *Mintel*

United Kingdom Organic New Product Introductions by Claim for 2009

	Organic	Low/No/ Reduced Allergen	Vegetarian	Gluten-Free	No Additives/ Preservatives	Environmentally Friendly Package	Low/No/ Reduced Sugar	Wholegrain
Bakery	87	29	25	19	20	23	13	27
Sauces and Seasonings	60	20	10	18	15	9	3	–
Dairy	44	22	28	19	7	24	3	–
Baby Food	44	22	15	17	34	18	30	14
Chocolate Confectionery	34	13	22	13	4	8	–	–
Side Dishes	30	5	6	5	1	4	–	9
Sweet Spreads	28	9	9	9	9	5	8	–
Snacks	27	11	4	8	15	2	3	–
Breakfast Cereals	22	5	10	4	3	13	7	11
Fruit and Vegetables	21	1	–	–	4	1	9	–

Source: *Mintel*

ANNEX: DEFINITIONS

This report analyzes the market for health and wellness food and beverages in the United Kingdom. For the purposes of this study, the market has been defined as follows:

▶Functional Foods—Items to which health ingredients have been added. These functional foods and beverages should have a specific physiological function and/or are enhanced with added ingredients not normally found in the product, providing health benefits beyond their nutritional value. The categories covered in this segment are: added calcium, functional digestive, functional immune system, functional bone health, and vitamin/mineral fortified.

▶Better-For-You Foods—This category includes packaged food and beverage products where the amount of a substance considered to be less healthy (fat, sugar, salt, carbohydrates) has been actively reduced during production. To qualify for inclusion in this category, the "less healthy" element of the foodstuff needs to have been actively removed or substituted during the processing. This should form part of the positioning/marketing of the product. Products that are naturally free of fat/sugar/carbohydrates are not included. The categories covered in this segment are: low/no/reduced fat, low/no/reduced sugar, low/no/reduced sodium, low/no/reduced glycemic, and no/low/reduced cholesterol.

▶Nutraceuticals—This category includes foods with natural substances that have medicinal properties to treat or prevent certain diseases. These natural substances can be added to the diet by increasing consumption of certain foods, or can be taken as nutritional supplements. Products typically claim to prevent chronic diseases, improve health, delay the aging process, and increase life expectancy. The categories covered in this segment are: vitamins, sports products, herbal supplements, and meal replacement/slimming products.

▶Organic—Products that are certified organic by an approved certification body. Depending on the country, such products are called "organic," "biological" or "ecological".

The usage of the above categories are taken from both Euromonitor International and Mintel. These groupings represent globally accepted classification and product identification standards for the purpose of data collection.

Health and Wellness Trends in the United Kingdom

ISSN 1920-6615 Market Indicator Report
AAFC No. **11293E**

Photo Credits

For additional copies of this publication or to request an alternate format, please contact:
Agriculture and Agri-Food Canada
1341 Baseline Road, Tower 5, 4th floor
Ottawa, ON
Canada K1A 0C5
E-mail: infoservice@agr.gc.ca

Aussi disponible en français sous le titre :
Tendances de consommation des aliments de santé et de mieux-être au Royaume-Uni

Canada