



United Kingdom

## HEALTH FOODS and NATURAL PRODUCTS

### Market Overview

The boundaries between health foods and mainstream foods have become increasingly blurred, as mainstream manufacturers have responded to rising consumer interest by introducing their own products in this area or by adapting existing products. A number of new or updated products, for example sports nutrition and functional foods, have also entered the health foods market.

It has been estimated that, in 1999, the market for health foods was worth £955 million (C\$2 billion) at retail sales prices, representing an increase of 8% over 1998. Sales through specialist health food stores grew more slowly than the market as a whole, rising by 2.9% to a total of £392 million (C\$ 860 million).

The vitamins, minerals and supplements (VMS) sector is the most important within the specialist health food market, accounting for 40% of sales. Herbal and homeopathic remedies take 14.9%, with food and beverages making up 45.1% of sales between them.

A few key brands account for over 50% of sales in the VMS sector. Seven Seas and Boots' own-brand products dominate the sector, with Roche's Sanatogen brand also having an important presence. Within the herbal remedies sector, a distinction must be made between licensed and unlicensed products. The unlicensed sector consists of products from a very large number of small manufacturers, while licensed herbal medicines are concentrated in the hands of a few large manufacturers. The food sector consists of a very wide variety of products and brands. The three main categories are mainstream manufacturers that have augmented their product range with health foods, large specialist companies with a wide portfolio and small specialist companies that often produce a single brand only.

Consolidation of the industry has continued throughout 1999, with a number of acquisitions of smaller health food companies by larger manufacturers, often from outside the industry. The most notable of these has been the purchase of Efamol, Vitamix and Larkhall Green Farms by baby food company Nutricia Limited. Two large U.S. health food manufacturers have a major presence through ownership of the main specialist retail chains—NBTY owns Holland and Barrett, and GNC owns Health and Diet Group.

### Opportunities

The market for health foods is expected to grow steadily over the next four years, and it is estimated that it will stand at £1.2 billion (C\$ 2.5 billion) by 2004. The specialist retail sector will see its share of sales decline, but it has been forecasted that, by 2004, it will have achieved sales of £459 million.

#### For further information, contact:

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#### or visit

British Complementary Medicine Association:  
<http://www.bcma.co.uk>

Health Food Manufacturers Association:  
<http://www.hfma.co.uk>

Medicines Control Agency:  
<http://www.open.gov.uk/mca/mcahome.htm>

#### Major Shows

**Natural Products Europe**

April 22-23, 2001, London

<http://www.naturalproducts.co.uk>

Britain's largest trade exhibition for natural and organic products.