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France

Product Brief

French Market for Food Supplements

2005

Approved by:
Elizabeth B. Berry
U.S. Embassy

Prepared by:
Roselyne Gauthier

Report Highlights:
The food supplement market in France in 2004 is valued at approximately 759 million Euros ($942 million), a 16 percent increase, compared to 2003. Although this is an increasingly active sector in France, it is modest compared to the total European market ($19 billion), and the world market ($56 billion).

The best prospects are for plant extracts, vitamins, herbal teas, dietetic meal substitutes, fat blockets, laxative food supplements and many innovative products offering high quality and attractive packaging.
In 2002, the European Union (EU) issued a Directive to EU Member States to harmonize regulation of food supplements. To date, France is still in the process of transcribing this directive, which should be finalized by the end of this year.

Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
Paris [FR1]
[FR]

Note: The exchange rate used in this report for calendar year 2004 is:
U.S. Dollar 1 = 0.806 Euros (Source: Paris Stock Exchange/European Central Bank)

SECTION I. DEFINITION AND MARKET OVERVIEW

a. Definition:

As defined by the French decree of April 15, 1996, a food supplement is a product or food that, when absorbed into the body, supplements a real lack or supposed lack of a nutrient. The food supplement Directive 2002/46/CE, 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. They contain nutritional additives such as vitamins and minerals, various ingredients such as plant extracts or technological additives, colorings, and sweeteners. Food supplement ingredients are subject to strict and complex French regulation which 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, contributes to a dynamic food supplement market in France. The supplement market has been growing at a rate of sixteen percent a year for the last five years. In 2004, the French market was estimated to be worth 759 million Euros ($942 million).

Recent French consumer surveys show that (1) 25 percent of French households are food supplement consumers with some 500,000 new consumers in calendar year 2004 alone. (2) 28 percent of French households are not familiar with food supplements, and (3) 47 percent are occasional consumers skeptical about the results.

Food Supplement Distribution and Sales in France

Place of Distribution	**Amount of Sales in 2004 (in Million Dollars)**	**Percent of total sales**
Pharmacies & Drugstores	626	66
Specialized Stores (including diet/health shps, sport stores, beauty shops and spas)	148	16
Supermarkets	115	12
e-commerce	52	6

Source: IMS Health/Manufacturers Estimates/IRI Secodip

The French food supplement sector is in demand of new-to-market products, and the United States, which offers diversity in that segment has a good potential in this market provided that U.S. manufacturers conform to French/EU standards and regulations. Also in demand are high-tech food supplements and innovative products, the challenge for US products being lack of knowledge from importers and retailers and tough competition between French and European manufacturers.

Food supplements in France are becoming more popular and increasingly carried by supermarkets, which doubled their market share over the past two years. The absence of harmonized EU regulations does not facilitate trade. However, several directives in draft at the EU level should be finalized by the end of calendar year 2005.

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 66 percent of the total market and annual sales of 505 million Euros ($626 million). There are 22,750 pharmacies and drugstores in France. Most French consumers prefer to buy food supplements in pharmacies where they can get advice on product benefits. However, there is increasing competition from the other distributors, such as specialized dietetic stores, sport and beauty shops, and hyper/supermarkets. Although pharmacies and drugstores created central buying offices such as Giphar or Optipharm to buy products at more competitive prices, they lost sales over the past two years to specialized stores and hyper/supermarkets.

Hyper/Supermarkets:

Total sales of food supplements in French hyper/supermarkets are worth 93 million Euros ($115 million). Most of the food supplements sold in supermarkets are natural products such as plant extracts, herbal teas (55 percent), vitamins and minerals (24 percent), and mix of different ingredients (21 percent). 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 share in the coming years over sales in pharmacies, specialized stores and sport/beauty outlets, since supermarkets allocate more and more space to food supplements and beauty care in their stores.

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 16 percent of the total market with estimated sales of 119 million Euros ($148 million) in 2004, 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 the sales growth in supermarkets.

Direct Sales:

Although there are no statistics available for direct sales, including mail order (VPC), home and internet sales, estimates suggest they total six percent of 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 increasing in the future.

Major Companies in the Food Supplement Sector

Name of Operator	Major Brands	Distribution Circuits
Laboratoire Arkopharma	Phyto Naturland & ExtraVine (plant extracts)	Pharmacies/Drugstores and Supermarket Stores
Laboratoire Oenobiol	Oenobiol	Pharmacies & Drugstores
Laboratoire Physcience	Physcience	Pharmacies & Drugstores
Sed (Laboratoire Juva Santé)	Juvamine (vitamins), Juvaflorine (plant extraxts) and Evert	Specialized Stores and Supermarkets
Groupe Distriborg	Equilibrance/ Vendomine/ Ephytem & Evanea	Supermarkets & Specialized Stores
Laboratoire Yves Rocher	Santé Naturelle	Direct sales
Léa-Institut Vital	Amphorm, Floressance, Natessance, Natébio	SupermarketsDrugstores & Specialized Stores
Laboratoire Pierre Fabre	Pierre Fabre Santé Furterer	Pharmacies & Drugstores
Ponroy Santé Group (Yves Ponroy & Biohamonyl/Nutri Santé, Vitamonyl & Vitathéra	N/A	Direct Sale, Pharmacies and Supermarkets
Laboratoires Martin Privat	Specialized in plant extracts and vitamins	Pharmacies & Drugstores and Specialized Stores
Roche - R.C.H.	Minerals and vitamins (Santogan)	Pharmacies

Sandoz (Nutrition et Santé)	Cereal & Gerble	Supermarkets
Laboratoire Inneov (joint venture between L'Oreal & Nestle)	Top line of firmless & hair products	Pharmacies

Source: AC/Nielsen Panel

In reaction to French consumer demand, large food industry groups such as Dannon and Nestlé are increasing investigating in the health food/supplement sector, resulting in a 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. As an example, in 2003 the creation of Inneov, a joint venture between L'Oreal and Nestle, two large industry groups one in the cosmectics and one in the food sector, resulted in a top line of body firmless and hair supplements sold uniquely in pharmacies.

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 consultations on the products' benefits are available.

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 can be reached at the following address:

Direction Generale des Douanes
Bureau E-4
8, rue de la Tour des Dames
75436 Paris Cedex 09
Tel: (33-1) 55 07 46 55
Fax: (33-1) 55 07 48 60
Email: dg-e4@douane.finances.gouv.fr
Internet: www.douane.gouv.fr

Regulation

General Information:
The EU issued a directive in 2002, giving a precise definition of a food supplement, and authorizing the use of 13 vitamins and 15 minerals. Prior to 2007, the EU should issue a directive authorizing use of additional plant extracts, fibers, aminated and fat acids. Recent and pending legislation on food supplements is changing the EU market for nutritional products from 25 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 the following website: http://www.europa.eu.int.

Composition:
The percentage of ingredients (vitamins/minerals and additives) in the product should correspond to the daily-recommended allowance determined 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 the French decree of 12/2/93, the manufacturer or importer must request a special authorization from the French Public Superior Council for Hygien (CSHPF) to market the product.

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 (1) that the substance contained in the food supplement was already sold in the European Union prior to this directive and (2) that the EU Food Safety Authority has not issued 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.

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 relative to 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 Fraud (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, are still regulated by each Member State. For plants, France has a list of 34 medicinal plants authorized for use in food supplements. 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 has been validated yet.

SECTION V. BEST PRODUCT PROSPECTS

In supermarkets, the best selling products are plant extracts, herbal teas and phyto-vitamins (a mix of plant extracts and vitamins). Despite competition from French manufacturers, if imported 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. Other products such as fat blockers, dietetic meal substitutes and laxative 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 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