Smart Pharma
CONSULTING

The French Food Supplements Market

Market Insights

Situation Analysis

&

2027 Perspectives

May 2024

1, rue Houdart de Lamotte – 75015 Paris – France
jmpeny@smart-pharma.com – www.smart-pharma.com

Smart Pharma Consulting has evaluated the French food supplements market attractiveness and estimated its 2027 perspectives

Introduction

Context – Objective

- The French food supplements market has shown a steady growth over the past years
- Smart Pharma Consulting has carried out a new study on the French food supplements market with a focus on the retail pharmacists' distribution channel
- The objective of this position paper is to share our:
  - Assessment of the 2019 - 2023 market trends through the analysis of the:
    - Regulatory environment
    - Key competitors
    - Key customers
  - Estimates of the 2023 – 2027 market growth potential

Methodology

- Review of professional magazines (Le Quotidien du Pharmacien – Le Moniteur des Pharmacies – Le Pharmacien Manager – Pharmaceutiques) and trade organizations websites (e.g., NéreS, Synadiet)
- Review of Smart Pharma Consulting publications (reports, articles, position papers)
- Analysis of retail pharmacies sell-out data
- Interviews of 36 stakeholders including retail pharmacists, VTOs[1], professional organizations, distributors, key food supplements manufacturers
- Analysis of collected data
- Market assessment and 2027 perspectives

Sources: Smart Pharma Consulting

[1] Voluntary Trade Organizations (i.e., groups of pharmacies)

No major new regulations likely to disrupt the market in France are expected by the end of 2027, but authorities will keep on improving the quality, efficacy and safety of food supplements

Regulatory environment

- Even if there is a regulatory harmonization at European level re. food supplements quality, efficacy and safety for consumers, more restrictive constraints on ingredients, concentration, etc., can be applied at local level, leading to formulation adjustments, locally and to export countries
- The EU and French authorities regulate food supplements:
  - Ingredients
  - Maximum daily dose
  - Claims (nutritional and health) and labelling
  - Modalities of market entry (e.g., notification)
  - Post-marketing monitoring
- They have set a closed list of:
  - Vitamins & Minerals
  - 540 plants
  - Essential oils

  that can be used as food supplements
- Several measures have been introduced to set maximum levels of contaminants and pesticides residues

- The series of regulations introduced since 2002, have led to:
  - Improve the quality, efficacy and safety of products (e.g., setting maximum strengths for vitamins and minerals, plants reassessment)
  - Increase the confidence of consumers
  - Create higher entry barriers for newcomers

- Driven by the “precautionary principle”, EU and French authorities are likely to further strengthen quality and safety controls, and the standards of food supplements

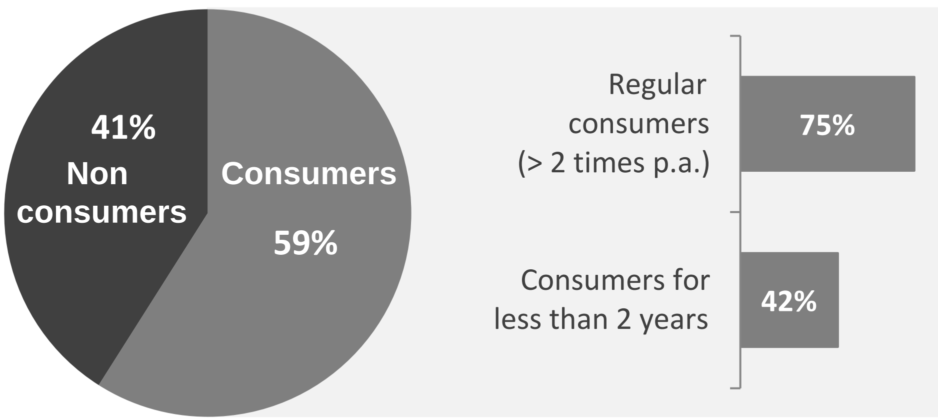
- The VAT might increase on certain products from 5.5% like for food products to 10% for OTCs or 20% for certain medical devices, slimming products, etc.

Sources: Synadiet (March 2024) – EFSA (March 2024) – Smart Pharma Consulting analyses

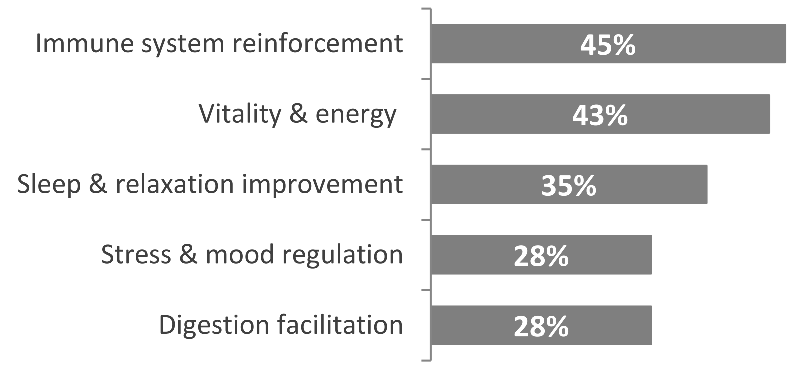
Almost 60% of French people have taken food supplements and 44% several times in the year, following HCPs recommendations, and especially those of retail pharmacy teams

Current consumers' behavior (1/4)

Share of consumers over the past two years



Expected benefits from food supplements consumption



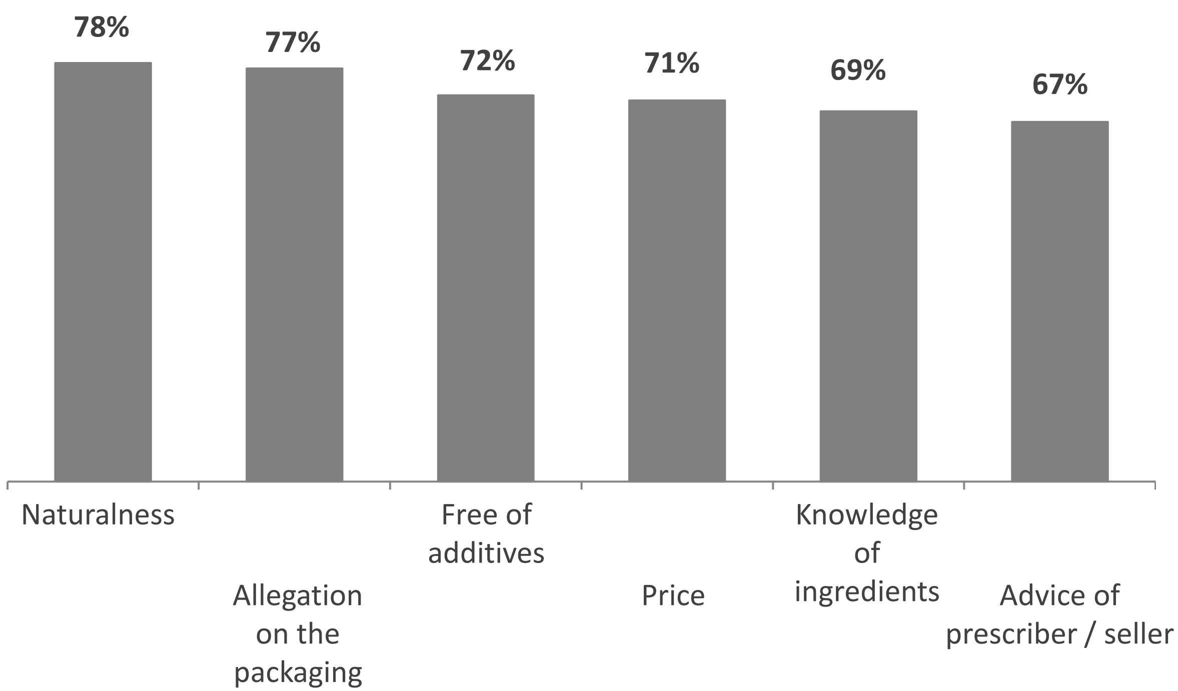
- After medicines, food supplements are seen by consumers as the most credible solution to manage their health
- This credibility is driven by:
  - HCPs recommendations and
  - Consumers own experience
- Recommendations of relatives, colleagues and friends, as well as comments on Internet, influence consumers' opinion
- They are aware that HCPs, especially pharmacists and their staff, can provide them with quality advice

Sources: Survey carried out on 1,017 people by Harris Interactive for Synadiet (March 2023) – Smart Pharma Consulting analyses

When buying food supplements, consumers attach a great importance to their naturalness, the clear indication of their allegation and the price, the latter being exacerbated by the inflation

Current consumers' behavior (2/4)

Consumers purchasing criteria



Consumers differentiate food supplements from medicines by:

- Their naturalness

"Unlike drugs, food supplements are natural"

"There is no chemical ingredients. It is just vitamins, probiotics, plants or plants extracts"

- Their usage

"They are useful even if we are not sick, which is not the case for drugs"

- Their mode of distribution

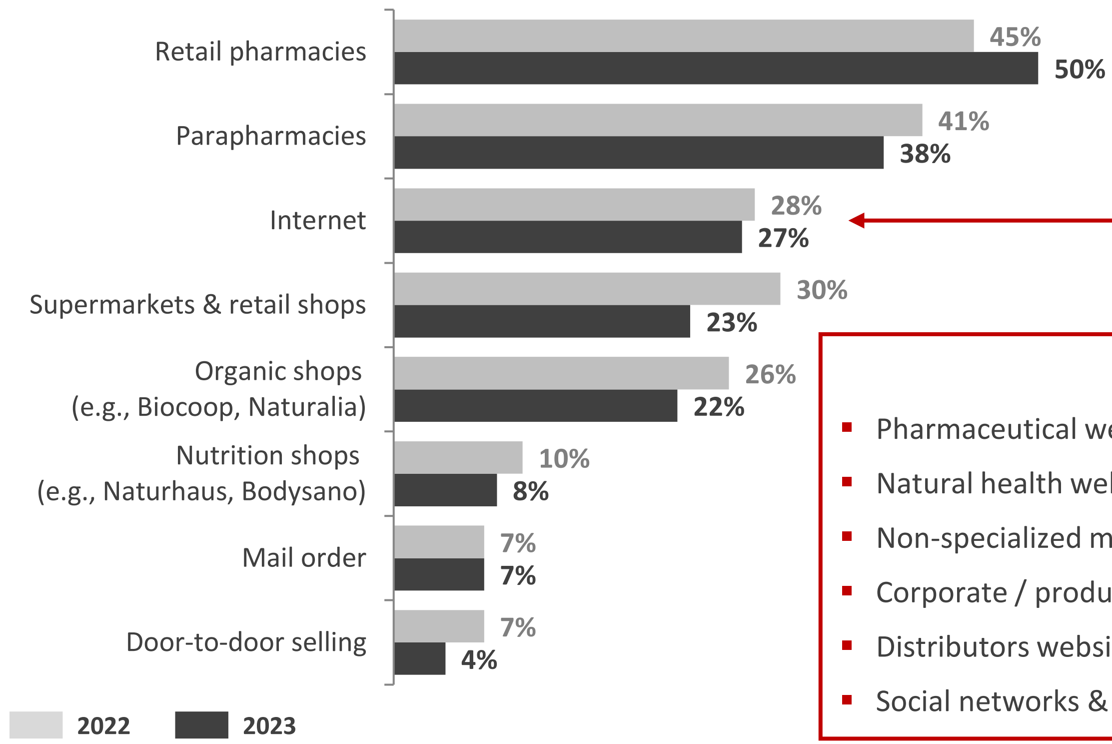
"Food supplements are available over-the-counter, and do not require a prescription"

Sources: Survey carried out on 1,017 people by Harris Interactive for Synadiet (March 2023) – Smart Pharma Consulting analyses

Consumers use multiple channels to buy food supplements, but retail pharmacies remain the preferred one, and this preference has increased in 2023 compared to 2022

Current consumers' behavior (3/4)

Consumers points of purchase



- Pharmacists are not only the first point of purchase in 2023…
- … but their importance has also increased compared to 2022 (50% vs. 45%)
- The importance of other channels has decreased in 2023, excepting mail orders which are identical

	2023	2022
Pharmaceutical website (e.g., Atida, NewPharma, 1001 pharmacies)	38%	50%
Natural health websites (e.g., Onatera)	38%	41%
Non-specialized marketplaces (e.g., Amazon, Cdiscount, Veepee)	36%	40%
Corporate / product websites	23%	30%
Distributors websites (e.g., Carrefour.fr, chezmoi.leclerc, Biocoop)	13%	19%
Social networks & others	11%	15%

Sources: Survey carried out on 1,017 people by Harris Interactive for Synadiet (March 2023) – Smart Pharma Consulting analyses

Retail pharmacists that have been interviewed confirm the increasing demand for food supplements and the importance attached to the quality of advice given to consumers

Current consumers' behavior (4/4)

Retail pharmacists' perception

	Spontaneous quotes		Spontaneous quotes
▪ When consumers are satisfied, they become attached to the brand and continue to buy it	●	▪ An increasing number of consumers adopt a web-to-store purchasing behavior	◑
▪ Naturalness is increasingly important for consumers (but not so much for the label "bio"[1])	◕	▪ Many consumers are ready to pay a premium price for food supplements of high quality	◑
▪ Consumers look for effective solutions and advice when they buy through the pharmacy channel	◕	▪ Consumers take more responsibility for their own health by giving more importance to prevention	◑
▪ Food supplements consumers are younger and younger, starting from 25 years old	◕	▪ They trust the advice of the pharmacist or of the pharmacy staff	◑
▪ In general, consumers are loyal to food supplements brands	◕	▪ Consumers' feedback is most often positive	◔

Number of respondents (22)   *% of respondents:* ● *≥90%* ◕ *75% ≤ x <90%* ◑ *50% ≤ x < 75%* ◔ *<50%*

Sources: Retail pharmacists' interviews (March 2024) – Smart Pharma Consulting analyses

[1] Consumers do not necessarily trust this label which is in addition associated with pricy products

Retail pharmacists do not anticipate major changes by 2027 in consumers' behavior regarding the consumption of food supplements

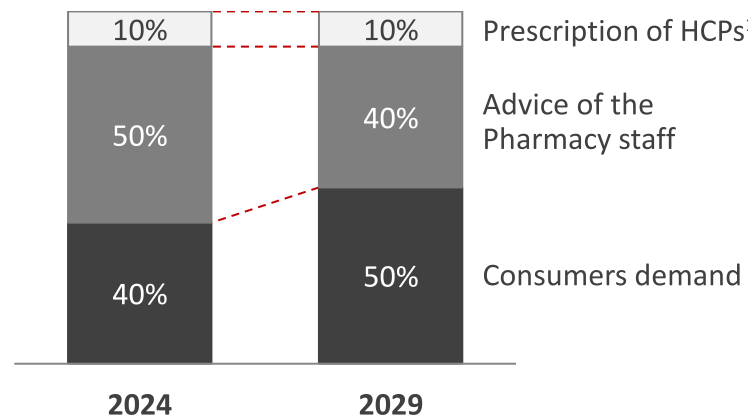
Consumers' behavioral trends by 2027

Retail pharmacists' perception

How do you think the consumers' behavior will evolve by 2027?

- The demand of consumers for the following categories of products should be very dynamic:
  - Probiotics – Vitality – Sleep – Respiratory tact
- There is a need to address Central Nervous System (CNS) troubles with food supplements (e.g., pain, depression, mood)
- They may pay more attention to eco-friendly packaging

What is today and what will be in 2027 the origin of the food supplements purchased in your outlet?



- Patients used to go to physicians to get reimbursed drugs
- Physicians have a limited knowledge about food supplements and are not very interested by them
- In 2027, the consumers will be better informed and more confident than today to self-medicate

Number of respondents (22)

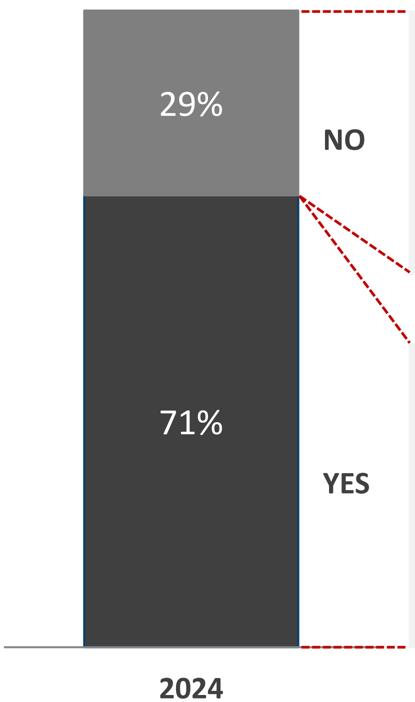
Sources: Retail pharmacists' interviews (March 2024) – Smart Pharma Consulting analyses

[1] GPs, specialists, midwives, naturopaths, osteopaths, dietitians, etc.

Most of interviewed pharmacists do list food supplements, even if available through alternative channels, provided the prices offered are not smashed compared to theirs

Pharmacists' behavior re. multichannel distribution

Do you list food supplements brands that are available through other channels than the retail pharmacies?



NO

- *"The risk is to give advice to our clients who will then buy the food supplements on Internet"*
- *"When products are sold on marketplaces like Amazon, without advice, I am suspicious; it does not convey a good image"*
- *"I refuse to list products that are available online"*
- *"If the prices are discounted online, I stop to sell the brand"*
- *"I am afraid to lose my client"*

YES

- *"Almost all manufacturers have their own website"*
- *"Internet is not necessarily cheaper, due to transportation costs"*
- *"We do not like it, but we do not have the choice"*
- *"I select products or product ranges which need advice so that I limit the competition against the low-price offers available on Internet"*
- *"For my elderly customers, Internet is not widely used for this type of products"*

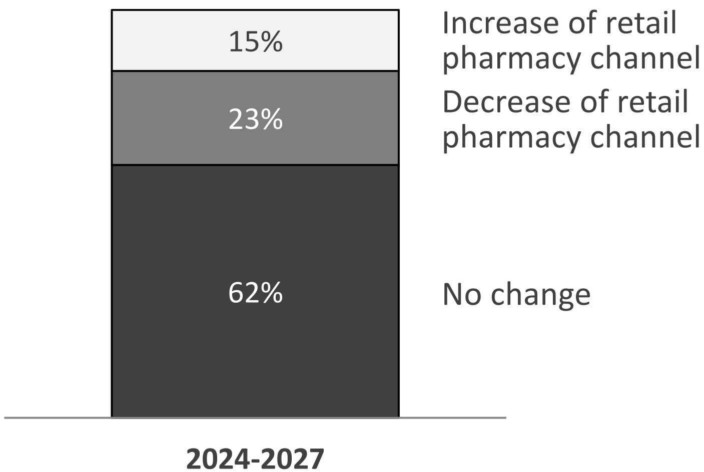
Number of respondents (22)

Sources: Retail pharmacists' interviews (March 2024) – Smart Pharma Consulting analyses

Most of pharmacists do not worry about alternative distribution channels, but remain vigilant and are aware of the necessity to deliver high quality advice to consumers to retain them

Evolution of the distribution channels by 2027

How do you think the distribution channels will evolve by 2027?



- Consumers will always need pharmacists' advice (12)
- Supermarkets, organic shops, e-shops, will take more importance, but the products sold, and their quality, will be different from those in pharmacies (6)
- Physicians have a limited knowledge about food supplements and are not very interested by them

What do think about the alternative distribution channels to retail pharmacies and their evolution by 2027?

Internet

- The risks of wrong self-diagnosis by consumers and misuse are high, if the food supplements are taken for the first time (8)
- Some consumers get advice from the pharmacy staff and then buy on Internet (5)
- A strong increase is anticipated (4), with a possible impact on food supplements sales and margins at retail pharmacies (3)
- For some other pharmacists, the importance of Internet should remain limited because consumers need advice (4)

Click & Collect

- It does not work in rural areas (8)
- Might be interesting for young consumers, living in the city and especially for the renewal of their initial purchase (3)

Others

- Organic shops are often more expensive than pharmacies (5)
- Supermarkets grow the market and its awareness, without directly competing with pharmacies (5)
- Home delivery is becoming more important (3)

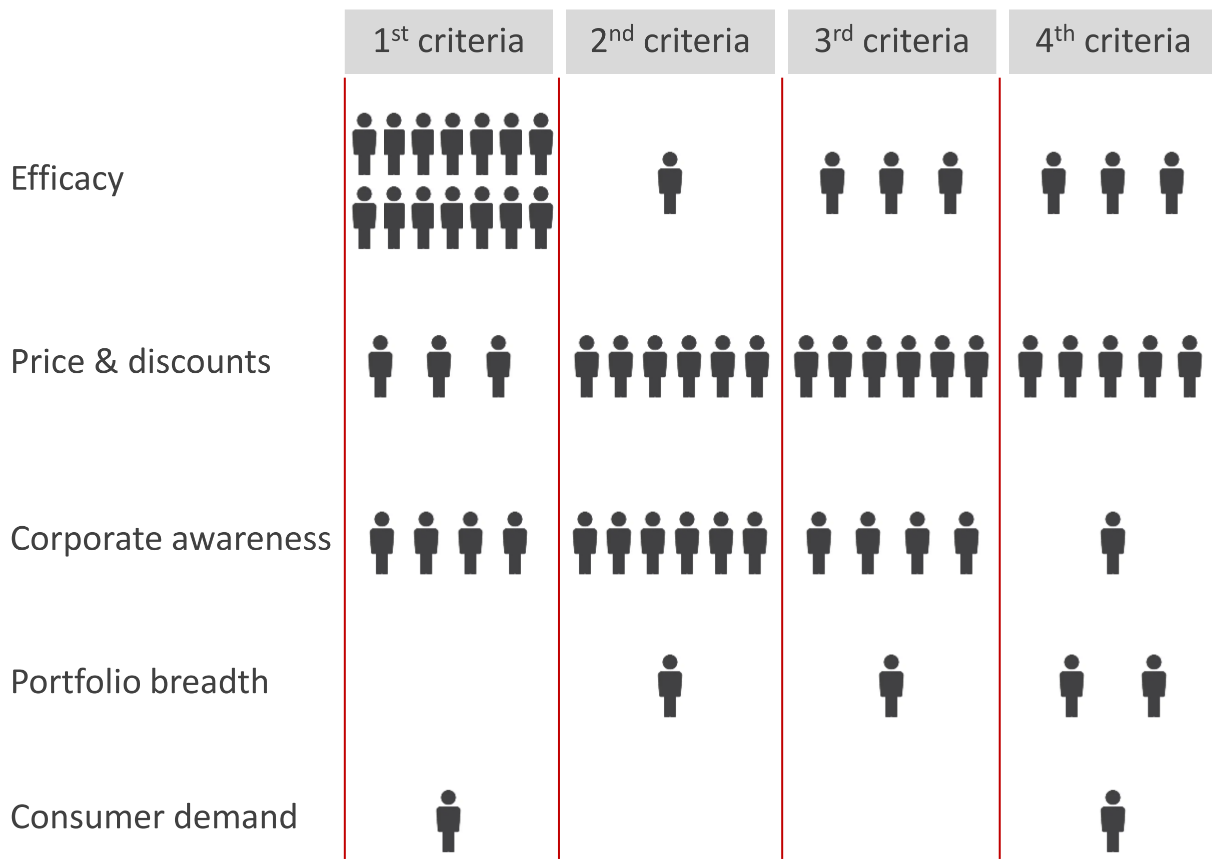
Number of respondents (22)

Sources: Retail pharmacists' interviews (March 2024) – Smart Pharma Consulting analyses

[1] GPs, specialists, midwives, naturopaths, osteopaths, dietitians, etc.

The three key criteria for interviewed pharmacists to select food supplements are the efficacy, the net price and the reputation of the marketing company

Listing criteria of pharmacists



- *"First of all, we need efficacious products, relieving our clients" (7)*
- *"One pays particular attention to the consumers' feedback" (6)*

- *"Prices must be acceptable if we want the staff to recommend the products" (4)*
- *"Trade conditions are very important" (3)*

- *"Pileje is a must have for digestive troubles" (4)*
- *"Arkopharma and Puressentiel are well-known by the consumers (1)*

- *"Santis has a narrow portfolio, but the products are well conceived" (2)*

Number of respondents (22)

(x) Number of quotes

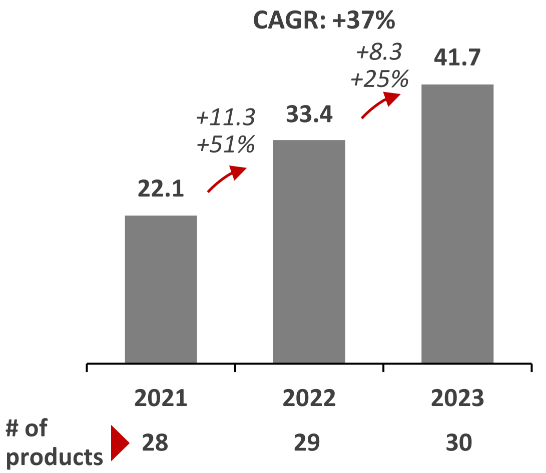
Sources: Retail pharmacists' interviews (March 2024) – Smart Pharma Consulting analyses

Aboca has doubled its sales in two years, driving its growth from a narrow portfolio, supported by scientific evidence with a good storytelling based on a vertical integrated organization

Selected competitors' ID cards (1/6)

Aboca

Sales (Sell-out incl. VAT in € million)



- Sales breakdown by category (2023):
  - Respiratory tract: 48%
  - Digestion: 38%
  - Circulation: 6%
  - Vitality & Immunity: 4%
- France is the 3rd largest market for Aboca, after Italy and Spain

Marketing & Sales strategy

- Positioning: 100% biodegradable & natural products
- Commercial strategy: B2B2C & B2C
- Points of sale: ~4,000 (pharmacies and parapharmacies)
- B2C communication channels:
  - Aboca website
  - Social media (Instagram, YouTube)
  - Free personalized counselling
  - Scientific evidence[1]

Strengths (Pharmacists & competitors views)

Company

- Good storytelling (from the field to consumers)[2]
- Investment in scientific proofs[2]

Portfolio

- Very efficacious products (8)
- Expensive and yet very requested (4)

Commercial relationships

- Very qualitative trainings (3)
- Good relationship with the representative (2)

Corporate Strategy & Values

- Integrated value chain, from organic farming to commercialization
- Commitments:
  - Natural-based solutions only
  - Constant R&D and HCPs education
  - Labelled B-Corp (since 2019)

Vigilance points (Pharmacists & competitors views)

Company

- Some formulations are complicared[2]

Portfolio

- Narrow portfolio (~29 products)[2]

Commercial relationships

- Pharma reps do not visit or visit enough pharmacies (3)

** Sales on the French market*

(x) Number of quotes

Sources: Aboca website and press releases – GERS Data – Retail pharmacists' interviews (March 2024) – Competitors' interviews (March 2024) – Smart Pharma Consulting analyses

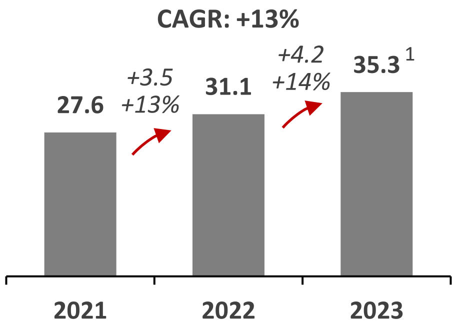
[1] For example, clinical study of NeoBianacid vs. omeprazole in the relief of heartburn (2023) – [2] Competitors' interviews

Aragan's good sales progression is driven by two well appreciated product ranges, a good quality of training *in situ* for pharmacy staffs, and performance-based rewards to motivate them

Selected competitors' ID cards (2/6)

ARAGAN.

Sales (Sell-out incl. VAT in € million)



# of products	2021	2022	2023
	86	86	99

- Sales breakdown by category (2023):
  - Digestion: 26%
  - Respiratory tract: 15%
  - Vitality & Immunity: 15%
  - Mood – Stress – Sleep: 15%
  - Joints: 10%
- Geographical footprint: Mainland France, FOTs, and Belgium
- EBITDA: 20%

Marketing & Sales strategy

- Two product ranges in France:
  - Pureprotect: protection of active ingredients kept cold in a fridge
  - Synactifs: synergistic combination of active ingredients[2]
- Commercial strategy: B2B2C
- Points of sale: >2,300 pharmacies
- B2C communication channels:
  - Free personalized counselling

Strengths (Pharmacists & competitors views)

Company

- Good quality products[3]
- Good trainers[3]
- Incentives to pharmacy staff are well appreciated[3]

Portfolio

- Good brands and good combinations of ingredients (5)
- Narrow product range (82) but clear indications (2)
- Affordable prices (1)

Commercial relationships

- Very qualitative trainings (3)
- Good relationship with the representative (2)

Corporate Strategy & Values

- Commitments:
  - Innovation
  - Individualized solutions and advice
  - Sustainability: Havea CSR policy

Vigilance points (Pharmacists & competitors views)

Company

- Commercial combativity[3]

Portfolio

- Pureprotect must be kept in Aragan fridges (1)

** Sales on the French market*

(x) Number of quotes

Sources: Arkopharma website and press releases – GERS Data – Retail pharmacists' interviews (March 2024) – Competitors' interviews (March 2024) – Smart Pharma Consulting analyses

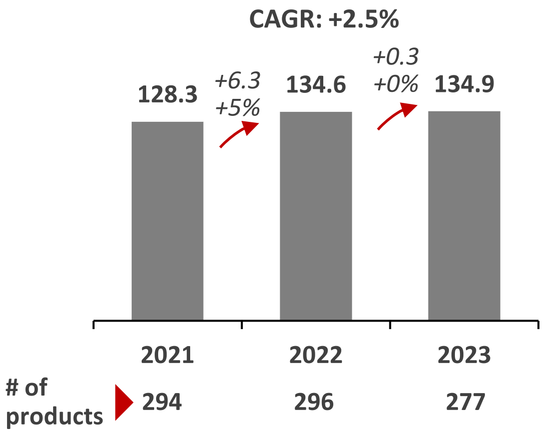
[1] If one includes Belgium, Aragan sales amounted to € 55 M in 2023 – [2] Based on amino acids, vitamins, essential oils, plants, trace elements – [3] Competitors' interviews

Arkopharma is a pioneer in France on the food supplements market, and for this reason benefits from a strong awareness, along with a good reputation from consumers due to its low prices

Selected competitors' ID cards (3/6)

Arko PHARMA

Sales (Sell-out incl. VAT in € million)



- Sales breakdown by category (2023):
  - Vitality & Immunity: 24%
  - Beauty: 18%
  - Mood – Stress – Sleep: 15%
  - Uro-genital tract: 11%
- Geographical footprint: 60 countries
- EBITDA: 25%

Marketing & Sales strategy

- Positioning: phytotherapy (50% of sales) and innovative forms
- Commercial strategy: B2B2C & B2C
- Points of sale: >13,000 pharmacies (80% of sales), parapharmacies and supermarkets (12%), e-business (~5.5%), of which e-shop <1%
- B2C communication channels:
  - Free educative booklets
  - Podcasts with a naturopath
  - Social media & influencers

Strengths (Pharmacists & competitors views)

Company

- An important presence in pharmacies[1]
- A strong awareness amongst the general public[1]
- Affordable products[1]

Portfolio

- Well-known and requested (2)
- Well-tolerated products (2)

Commercial relationships

- Regular calls from the representative (3)

Corporate Strategy & Values

- Respect of the environment, clients and commercial partners
- Expertise & Excellence in natural healthy products
- Passion & Engagement with a strong entrepreneurial audacity

Vigilance points (Pharmacists & competitors views)

Portfolio

- Difficulties to push such a large portfolio (264 products)[1]

Commercial relationships

- Too many different products to list to get rebates (1)

** Sales on the French market*

(x) Number of quotes

Sources: Arkopharma website and press releases – GERS Data – Retail pharmacists' interviews (March 2024) – Competitors' interviews (March 2024) – Smart Pharma Consulting analyses

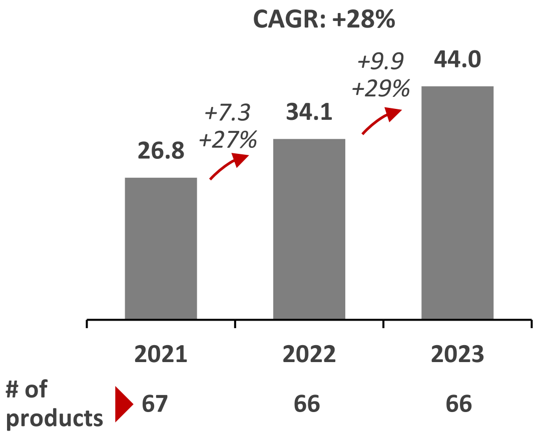
[1] Competitors' interviews

NHCO high growth is based on a combination of good products, with a premium price combined with a selective distribution and a strong presence to encourage the staff to recommend them

NHCO

Selected competitors' ID cards (4/6)

Sales (Sell-out incl. VAT in € million)



- Sales breakdown by category (2023):
  - Vitality & Immunity: 34%
  - Beauty: 18%
  - Slimness: 12%
  - Memory & Concentration: 6%
- Geographical footprint: Mainland France & Monaco
- EBITDA: 16%

Marketing & Sales strategy

- Positioning: specialization in aminoscience
- Commercial strategy: B2B2C & B2C
- Points of sale: >2,100 pharmacies
- E-shop: on NHCO website
- B2C communication channels:
  - Free booklets re. various topics
  - Free personalized counselling
  - Social media & influencers

Strengths (Pharmacists & competitors views)

Company

- Strong image based on good formulations[2]
- High quality packaging[2]

Portfolio

- Very qualitative brand (4)
- Top range, luxury range (3)

Commercial relationships

- Qualitative regular trainings (3)
- Incentives & free samples for the team to try (2)

Corporate Strategy & Values

- Commitments:
  - "Entreprise à Mission"[1] status since June 2023
  - Excellence & Innovation
  - Hand in hand partnership with HCPs & pharmacists

Vigilance points (Pharmacists & competitors views)

Company

- Marketing combativity[2]

Portfolio

- Expensive (3)

Commercial relationships

- High sales goals to achieve (2)

** Sales on the French market*

(x) Number of quotes

Sources: Arkopharma website and press releases – GERS Data – Retail pharmacists' interviews (March 2024) – Competitors' interviews (March 2024) – Smart Pharma Consulting analyses

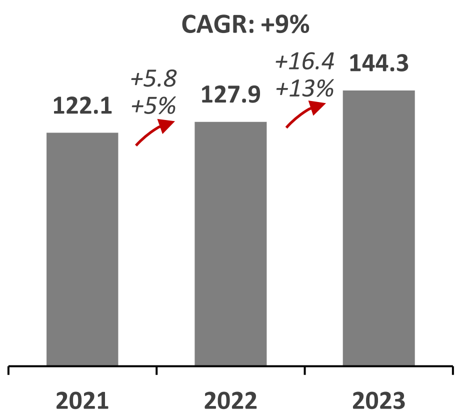
[1] French legal framework in which businesses pursue a set social and environmental purpose with specific sustainability goals. In practice, this means that NHCO is committed to sustain responsible micronutrition – [2] Competitors' interviews

Pileje success has been driven by close relationships with physicians, especially in the field of microbiotas, however, their portfolio being large, it is viewed as difficult to recommend

PiLeJe LABORATOIRE

Selected competitors' ID cards (5/6)

Sales (Sell-out incl. VAT in € million)



# of products	2021	2022	2023
	197	194	190

- Sales breakdown by category (2023):
  - Digestion: 43%
  - Mood – Stress – Sleep: 29%
  - Vitality & Immunity: 7%
  - Respiratory tract: 4%
- France accounts for ~70% of the global sales of Pileje

Marketing & Sales strategy

- Positioning: specialized in nutrition phytotherapy[1] and microbiotas
- Commercial strategy: B2B2C & B2C
- Points of sale: >10,000 pharmacies (98% of sales) and Pileje e-shop (2%)
- B2C communication channels:
  - Pileje website
  - Social media (Instagram, YouTube, Facebook, LinkedIn)
  - National campaigns for prevention

Strengths (Pharmacists & competitors views)

Company

- A success story built on partnership with physicians[4]
- The reference for probiotics, supported by nice studies[4]

Portfolio

- Very famous and requested by consumer (6)
- Regular launches of novelties (2)

Commercial relationships

- Well trained people, delivering qualitative trainings (8)
- Regular calls and good relationship with reps (4)

Corporate Strategy & Values

- Sustainability: ECOCERT certification (2008)
- Pileje foundation[2] (since 2005) aims at optimizing quality of life
- Partnerships & sponsorships[3]

Vigilance points (Pharmacists & competitors views)

Company

- Products launches outside of its field of expertise (2)

Portfolio

- Differences between products difficult to explain (5)

Commercial relationships

- Commercial conditions based on pharmacies' sales (2)

** Sales on the French market*

(x) Number of quotes

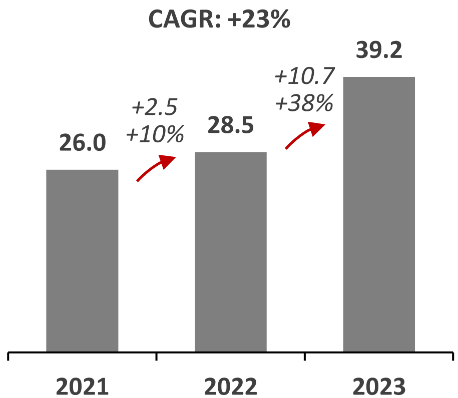
Sources: Pileje website and press releases – GERS Data – Retail pharmacists' interviews (March 2024) – Competitors' interviews (March 2024) – Smart Pharma Consulting analyses

[1] Including raw material for magistral preparation done by retail pharmacists – [2] More than 51% of the fund held by Pileje – [3] More than 51% of the fund held by Pileje – [3] With healthcare foundations (e.g., AP-HP foundation, Rare Diseases Foundation) as well as with professional athletes

The reputation of EA Pharma[1] benefits from the pharma legacy of the brand "Granions" which is an historical expert in trace elements, and its large portfolio and pricing strategy drive its growth

Selected competitors' ID cards (6/6)

Sales (Sell-out incl. VAT in € million)*



# of products	180	171	159

- Sales breakdown by category (2023):
  - Joints: 32%
  - Beauty: 16%
  - Vitality & Immunity: 14%
  - Slimness: 10%
- Geographical footprint: 60 countries
- EBITDA: 25%

Marketing & Sales strategy

- Positioning: expert in trace elements
- Leading position: oligotherapy, collagen, muscular and joint comfort, sport nutrition
- Commercial strategy: B2B2C & B2C
- Points of sale: >6,500 pharmacies and parapharmacies (70% of sales)
- Organic stores & sport stores (20%) and others (10%)
- B2C communication channels: social media (Facebook, Instagram, LinkedIn), mass media (TV and press)

Corporate Strategy & Values

- Natural healthcare solutions
- Innovation
- Quality & Security
- Sustainability

Strengths (Pharmacists & competitors views)

Company

- Well-positioned on sport nutrition[2]
- Pharma legacy with the brand "Granions"[2]

Portfolio

- Product offer adapting to consumer demand (e.g., launch of a collagen) (3)
- Very good price / quality ratio (2)

Commercial relationships

- Low turn-over of in-field people and regular visits (2)
- Good commercial terms through VTOs (4)

Vigilance points (Pharmacists & competitors views)

Company

- Lack of consistency in the product offering[2]
- Aggressive pricing[2]

Portfolio

- Lack of consistency in the product offering[2]

** Sales on the French market*

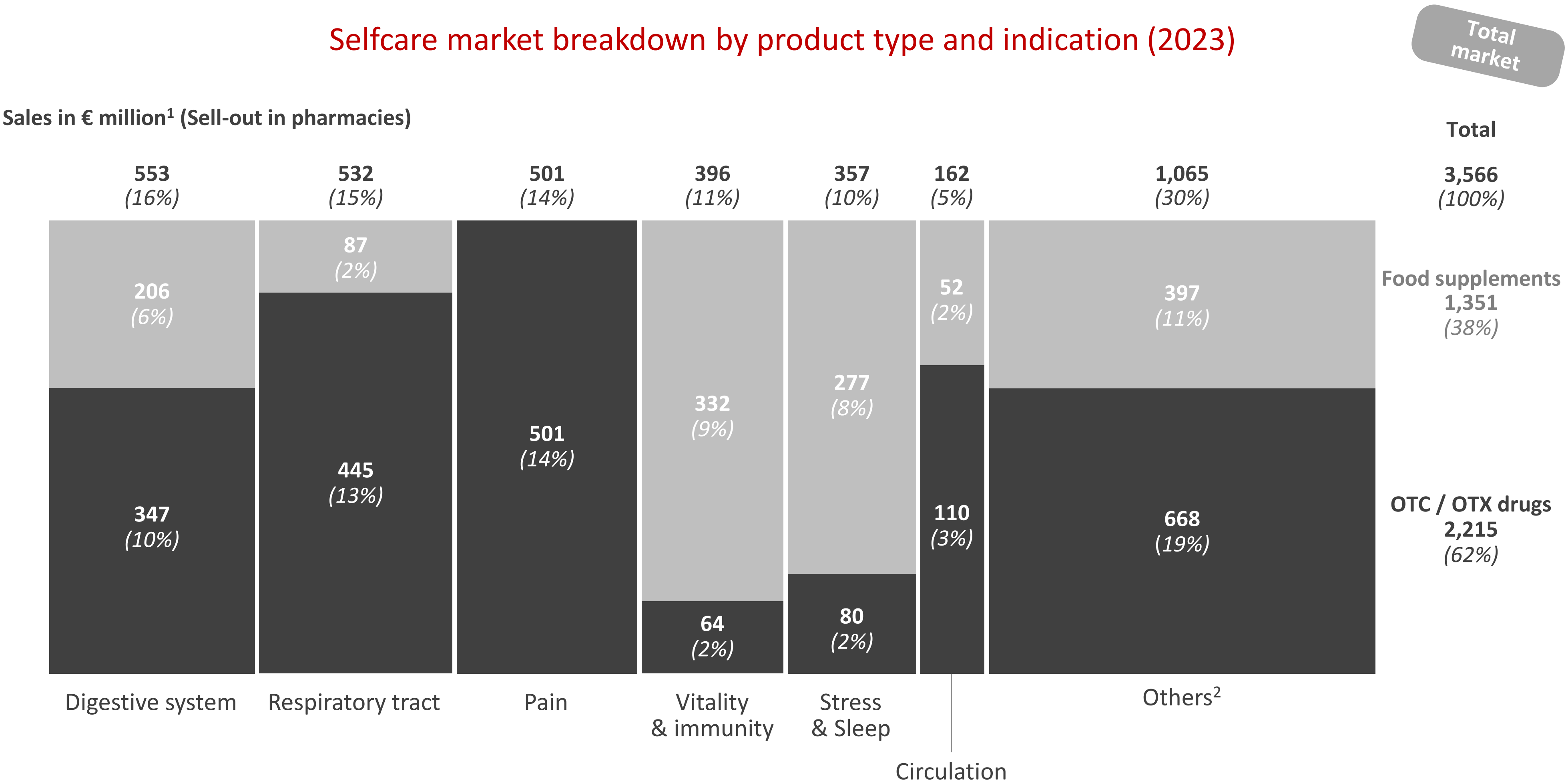
(x) Number of quotes

Sources: Arkopharma website and press releases – GERS Data – Retail pharmacists' interviews (March 2024) – Competitors' interviews (April 2024) – Smart Pharma Consulting analyses

[1] Part of Olyos group – [2] Competitors' interviews

The top 3 therapeutic areas of the selfcare market* are led by OTC / OTX drugs while food supplements are more focused on vitality, immunity, stress and sleep indications

Selfcare market breakdown by product type and indication (2023)



** Excluding medical devices*

Sources: NèreS / OpenHealth (2024) – Smart Pharma Consulting analyses

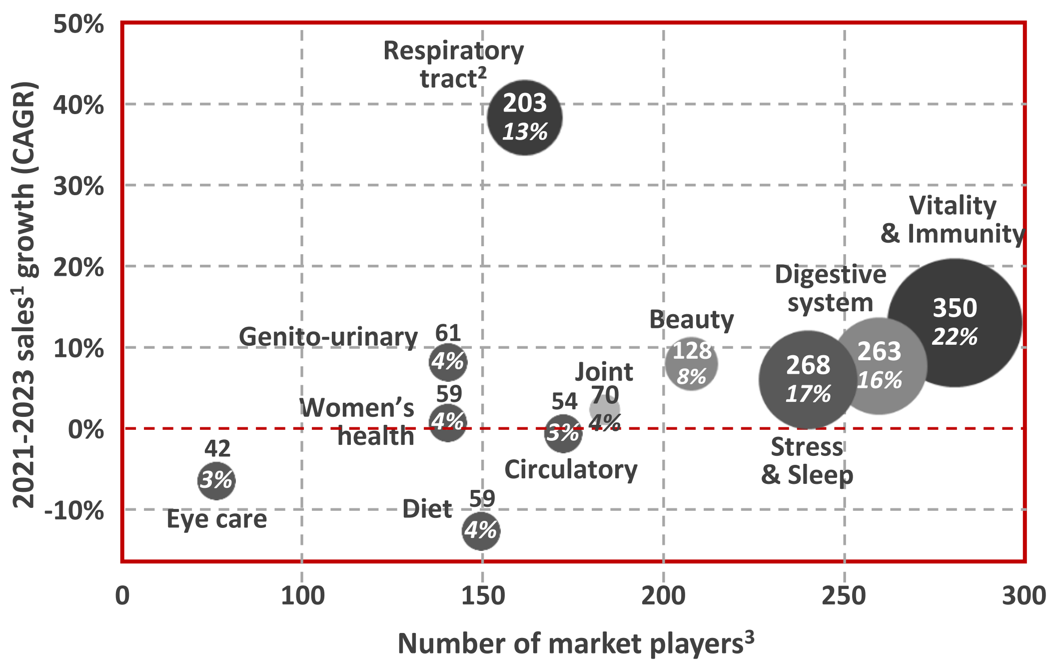
[1] Sell-out, in public prices including VAT – [2] Anti-smoking drugs, articular system, breastfeeding, homeopathy, growth, phycological aging, pregnancy, skin care, urinary & genital system, vision, weight management, women's health, etc.

Food supplements segments are particularly competitive, with a total number of market players ranging from 242 to 286 for the top 3 strategic segments in 2023

Attractiveness by strategic market segment (2021 – 2023)

Supplements market

Main food supplements' strategic market segments



MAT 11/2023 sales in € M
(share of the MAT 11/2023 supplements market which reached € 1.6 B)

- The top 3 segments, which accounted together for ~55% of the food supplements market in MAT 11/2023, are particularly competitive:
  - Vitality & Immunity (22% market share with a +10.8% CAGR from 2021 to 2023): 286 players
  - Stress & Sleep (17% market share with a +7.3% CAGR from 2021 to 2023): 242 players
  - Digestive system (16% market share with a +8.2% CAGR from 2021 to 2023): 258 market players
- The respiratory tract segment (13% market share with a +37.5% CAGR[4] from 2021 to 2023) is a seasonal market whose annual performance depends on the incidence of winter pathologies
- Other segments accounted individually for 8% or less of the market in MAT 11/2023, with 2021-2023 CAGR ranging from -13.4% (diet) to +8.6% (beauty[5])

Sources: GERS Sell-Out (November 2023) – Smart Pharma Consulting analyses and estimates

[1] MAT 11/2021 and MAT 11/2023 sales, in public price including VAT – [2] Not only food supplements but also medical devices (e.g., Phytoxil) – [3] Market players with sales in 2023 – [4] +37.5% CAGR explained by a significant decrease of the segment in MAT 11/2020 due to Covid-19 lockdown, which significantly reduced seasonal pathologies – [5] Incl. hair and nails, skin, sunscreen and antioxidants

Food supplements innovations should fulfill consumers expectations such as proven efficacy, personalized solutions, more convenient forms, a sustainable sourcing and a clean label approach

Food supplements innovations by 2027

Consumers drivers propelling innovations

1

- **Science-backed innovations** to evidence the efficacy and the safety of the functional ingredients proposed

2

- **Personalization** to suit to individual needs (e.g., the company Nourished proposes consumers to select functional ingredients included in their 3D printed gummies)

3

- **Better convenience** by offering multiple ingredients in one product and/or new forms (e.g., drinks, chewing gums, effervescent tabs, sprays, powder, sticks packs)

4

- **More appealing organoleptic qualities** (i.e., visual aspects, taste, texture, flavor) of food supplements would contribute to consumer satisfaction

5

- **Clean and clear labels**, with recognizable and closer-to-nature ingredients (e.g., vegan) and sustainability credentials are increasingly valued by consumers

Sources: Food Business Review, Oct. 31, 2023 – Nutraceuticals World February 2022 – Nutraskills website, March 2024 – StartUS Insights April 2023 – Smart Pharma Consulting analyses

Market Opportunities & Threats analysis

Market opportunities	1 to 5*
Authorities	
▪ EU / French regulatory constraints representing a barrier for new entrants while making export business easier	4
▪ Authorities' willingness to foster preventive health policies	4
Clients	
▪ Food supplements' outperformance (+8.1% CAGR over 2019-2023) due to growing demand for naturalness	5
▪ Traffic in retail pharmacies keeps on increasing with a 2019-2023 CAGR of +2.6% for selfcare products[1]	4
▪ Increasing pressure on pharmacists' margins leading them to focus on profitable segments (e.g., food supplements)	4
▪ Consumers' confidence in retail pharmacists' advice, who can easily switch them from a supplement to another[2]	3
Suppliers	
▪ Higher quality of food supplements available in pharmacies vs. those distributed in large and medium-sized stores	3
▪ Innovations (e.g., liposome, anti-aging products, etc.)	3

Market threats	1 to 5*
Authorities	
▪ *No threat identified by 2027*	
Clients	
▪ Food supplements market growth slowdown in 2023 (+10.8% vs. +14.8% in 2022) due to: – The start of a new post-Covid-19 cycle – Inflation impact on consumers' purchasing power	4
▪ Food supplements very rarely prescribed by physicians[3]	3
▪ Decreasing number of retail pharmacies in France (-0.9% CAGR over 2019-2023)	2
Suppliers	
▪ Fragmented markets, with 143 to 286 market players depending on indications in 2023 (incl. large companies such as Procter & Gamble, Bayer, Sanofi or Perrigo)	5
▪ Competition from OTC/OTX blockbusters well anchored in patients' mind (e.g., Oscillococcinum, Daflon, Nurofen)	4
▪ Development of new distribution options (e.g., direct sales from manufacturers, e-commerce, para-pharmacies)	3

* 1 = Low importance – 5 = High importance

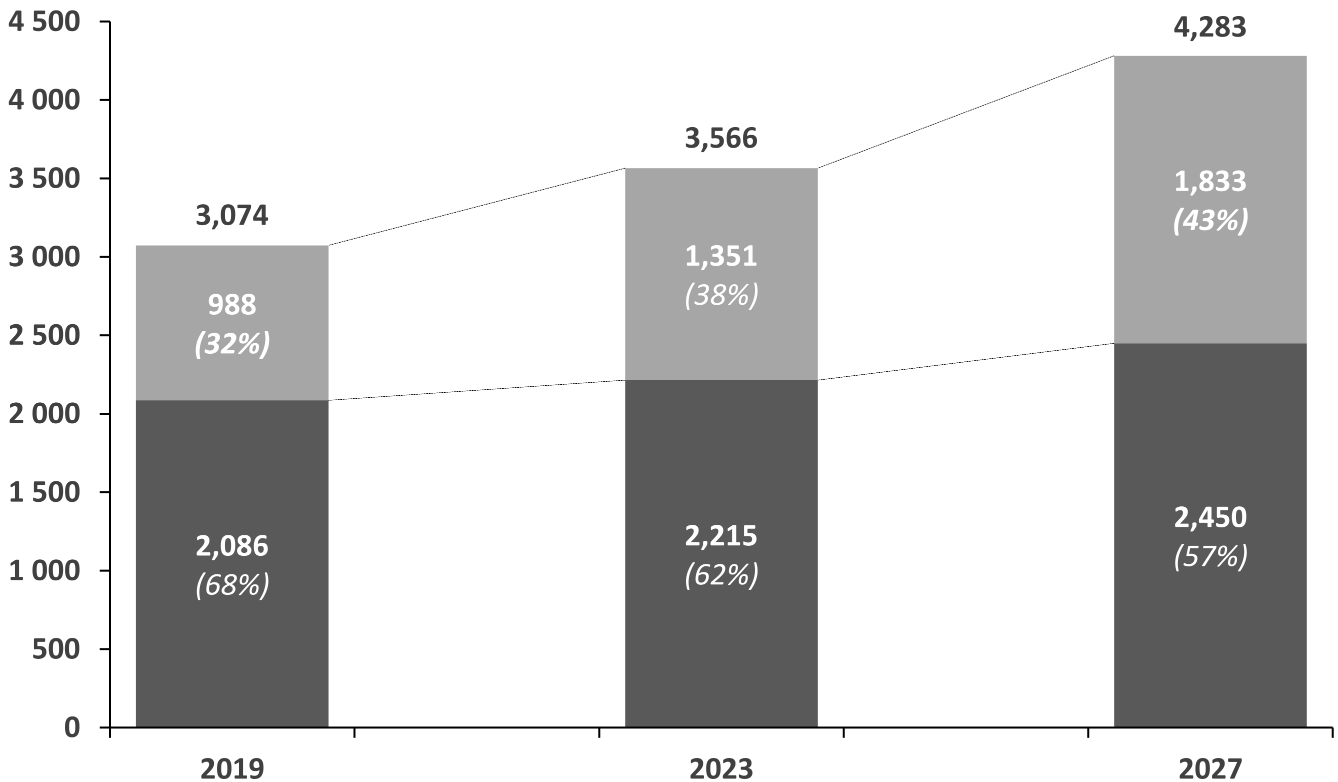
Sources: External interviews (March 2024) – NèreS / OpenHealth (2024) – Smart Pharma Consulting analyses

[1] Including food supplements and OTC/OTX products – [2] Provided its price is not significantly higher – [3] Mainly prescribed by specialists such as gynecologists or nutritionists, but quite never by GPs

Within the selfcare market*, the food supplements segment is likely to grow more than twice faster than the OTC/OTX drugs segment

Selfcare market trends by segment (2019 – 2027)

Sales in € million[1] (Sell-out in pharmacies)



Total market

	CAGR 2019-2023	CAGR 2023-2027
Total	+3.8%	+4.7%
Food supplements	+8.1%	+7.9%
OTC/OTX drugs	+1.5%	+2.6%

** Excluding medical devices*

Sources: NèreS / OpenHealth (2020 – 2024) – Smart Pharma Consulting analyses and estimates

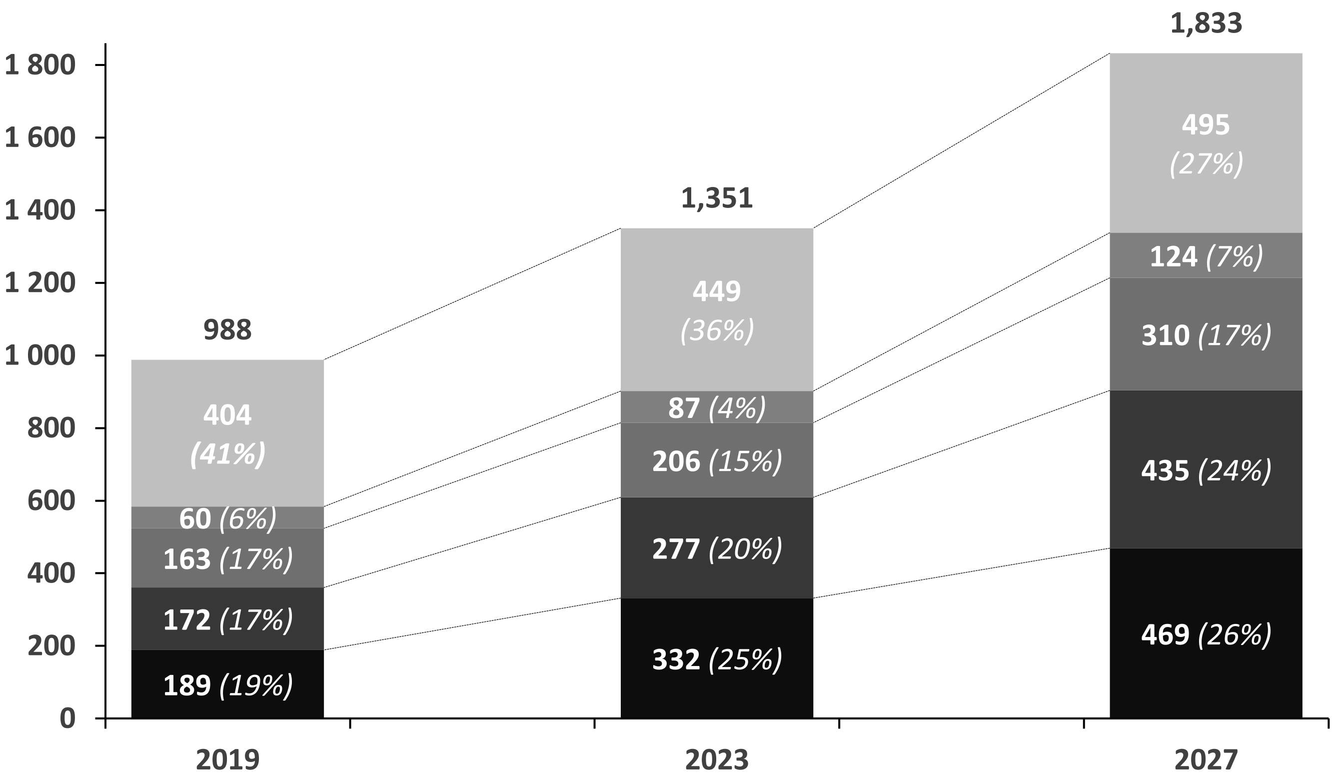
[1] Sell-out, in public prices including VAT

The food supplements market should increase by +7.9% p.a. from 2023 to 2027, mainly driven by Vitality & Immunity, Stress & Sleep indications

Food supplements market segment breakdown by indication (2019 – 2023)

Supplements market

Sales in € million[1] (Sell-out in pharmacies)



	CAGR 2019-2023	CAGR 2023-2027
Total	+8.1%	+7.9%
Others[2]	+2.7%	2.5%
Respiratory tract	+9.7%	9.3%
Digestive system	+6.0%	10.8%
Stress & sleep	+12.7%	11.9%
Vitality & immunity	+15.1%	9.0%

Sources: NèreS / OpenHealth (2020 – 2024) – Smart Pharma Consulting analyses and estimates

[1] Sell-out, in public prices including VAT – [2] Articular system, circulation, breastfeeding, growth, phycological aging, pregnancy, skin care, urinary & genital system, vision, weight management, women's health, etc.

French food supplements growth will be driven by improved quality of products, a larger number of consumers eager to better manage their health and HCPs more prone to recommend them

Key Takeaways

1. Regulatory environment

- No major regulatory decisions are expected at European level, nor at national level, that are likely to impact the food supplements market trend

2. Physicians' behavioral trends

- Physicians prescribe more and more food supplements, and especially gynecologists, dermatologists and nutritionists
- Probiotics are increasingly prescribed with antibiotics

3. Pharmacists' behavioral trends

- Food supplements are a significant source of business, accounting for 50% of the non-reimbursed retail pharmacies growth
- They focus their listing on few brands that are well-appreciated by their consumers
- Trainings and information from suppliers are expected to deliver quality advice to consumers

4. Consumers' behavioral trends

- They attach a great importance to clarity of allegations, naturalness and price
- They use multiple channels, but retail pharmacies remain their preferred one
- No major changes are anticipated in consumers' consumption of food supplements by end of 2027

5. Competitive landscape

- Historical OTC players (e.g., Cooper, Sanofi (Opella), UPSA) are entering or strengthening their position
- Manufacturers favor agreements with large pharmacies[1]
- KAMs[2] and Reps are instrumental to boost food supplements growth through the retail pharmacies channel

6. 2023 – 2027 market growth

- Food supplements should grow twice faster than OTC/OTX, at a pace of +7.9% p.a. from 2023 to 2027
- The segment will be mainly driven by Vitality & Immunity, Stress & Sleep indications

Sources: Smart Pharma Consulting

[1] Knowing that 94% of retail pharmacies are members of VTOs which sign master agreements with manufacturers, including price discounts and various services to help them attract customers and foster the sell out – [2] Key Account Managers in charge of negotiating, signing and following up agreements with VTOs

Consulting firm dedicated to the pharmaceutical sector operating
in the complementary domains of strategy, management and organization

Market Insights Series

- The Market Insights Series has in common to:
  - Be well-documented with recent facts and figures
  - Highlight key points to better understand the situations
  - Determine implications for key stakeholders
- Each issue is designed to be read in 15 to 20 minutes and not to exceed 24 pages

The French Food Supplements Market

Situation Analysis & 2027 Perspectives

This position paper analyzes the current market segment situation and estimates its perspectives of evolution

Thus, the following topics are covered:

- Regulatory framework
- Key stakeholders' analysis (health authorities – consumers – retail pharmacists and competitors)
- Market drivers and limiters
- Historical and forecasted market segment size, dynamics and structure (2019 – 2023 – 2027)

Smart Pharma Consulting Editions

- Besides our consulting activities which take 85% of our time, we are strongly engaged in sharing our knowledge and thoughts through:
  - Our teaching activities in advanced masters (ESSEC B-school, Paris Faculty of Pharmacy)
  - Training activities for pharma executives
  - The publication of articles, booklets, books and expert reports
- Our publications can be downloaded from our **website**:
  - 41 articles
  - 83 position papers covering the following topics:
    1. Market Insights
    2. Strategy
    3. Market Access
    4. Medical Affairs
- Our research activities in pharma business management and our consulting activities have shown to be highly synergistic
- We remain at your disposal to carry out consulting projects or training seminars to help you improve your operations

Best regards

Jean-Michel Peny

1, rue Houdart de Lamotte – 75015 Paris – France • +33 6 11 96 33 78 • jmpeny@smart-pharma.com • www.smart-pharma.com