CBI Product Factsheet:

Natural Ingredients for Health Products in the United Kingdom
**Introduction**

In the UK, the food supplements segment offers most opportunities for developing country producers. Consumers are especially interested in natural health products that increase general wellbeing. The UK relies on imports of natural ingredients, because local production of raw materials is limited. Additional opportunities lie in certification of natural ingredients for food supplements.

**Consumer profile**

Demand for natural health products is likely to increase with growing consumer demand for OTC medication and self-medication, as these consumers are more likely to use natural health options. UK sales of over-the-counter (OTC) medication increased by 2.2% between 2012 and 2013. In 2013, OTC sales amounted to £ 2.5 billion (€ 3.2 billion) according to the Proprietary Association of Great Britain (**PAGB**).

Within the OTC market, the largest product groups in 2013 were:
- pain relief (£ 544 million/€ 687 million)
- coughs/colds/sore throat (£ 444 million/€ 561 million)
- skin treatments (£ 415 million/€ 524 million)

Per capita expenditure of OTC medicine was € 49 in 2013. By comparison, per capita expenditure in Belgium amounted to € 71 – one of the highest rates in Europe. Countries with lower per capita spending on self-medication in 2013 included Spain (€20), France (€35) and Italy (€30).

**Interest in natural health products**

Growth of the alternative healthcare market is expected to be driven by gradual economic recovery (Alternative Healthcare Market Report 2013). As the recovery gains momentum, so consumer confidence is expected to be restored and thus positively influence sales of alternative healthcare products.

In 2013, a review of 10 UK patient and consumer surveys on the use of herbal medicinal products indicated that, on average, 37% of the population used herbal medicinal products.\(^1\) Research by **Ipsos MORI** (UK research company) found that usage is higher among women and more highly educated people.

The UK has a strong herbal medicinal products sector, with a relatively strong position held by Traditional Chinese Medicine (TCM) and Ayurvedic medicine, when compared to other European countries. The large market share of these foreign medicinal traditions is due to the country’s large ethnic populations and general consumer interest in non-Western health solutions.

**Tip:**

- Consider targeting the UK if you supply MAPs relevant to TCM, Unani and Ayurvedic medicine.

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\(^1\) The 10 surveys that were reviewed included a total of 20,601 participants and were published between January 2000 and September 2011. Prevalence rate varied between 4.8% and 92.4%.
Consumer trends in natural health products

- **General wellbeing:** Holistic or lifestyle health products are popular in the UK, as are product ranges consisting of several health products or product ranges that go beyond health to include food and cosmetics. The reason for this is that typical UK consumers of natural health products show greater interest in general wellbeing than in specific indications when compared with consumers in other EU countries. Moreover, this could also explain the particular popularity of superfoods and superfruits in the UK. These products are often added to food supplements and functional foods, but they are also consumed outside of these categories.

- **Non-Western health products:** There is relatively strong interest in non-Western health systems. This is caused by demand from the UK’s large ethnic populations (South Asian, Chinese, African, etc.) and the interest of other UK residents in non-traditional health options.

- **Ageing population:** An ageing UK population may lead to growing demand for these products. The main reason for this is that UK consumers over 50 represent the largest consumer group for vitamins and food supplements, and they are generally more liable to use natural health products as well. In 2013, the UK had a population of 64.5 million, with the 25-54 age group representing the largest population group (41%). According to the Office for National Statistics (2012), the average age in the UK is expected to rise to 43 by 2037, compared with 40 in 2013. The number of people aged 80 or above is projected to double to 6 million by 2037.

- **Increasing healthcare costs:** Rising healthcare costs is another consumer trend that is leading to increased sales of natural health products. Herbal medicinal products and, above all, food supplements are seen as low-cost alternatives to conventional drugs especially in the case of prevention or long-term use.

- **Certified ingredients:** You have more opportunities on the UK food supplements market if you can certify your MAPs as fair trade or if you can use your socially sustainable production methods in your marketing story. In the UK, consumers have a particularly strong interest in ‘people helping people’: consumers want to hear stories about the individuals who harvest and produce the ingredients for health products. Demand for organically certified ingredients in food supplements is also growing, as these are seen as healthier options than non-certified ingredients.

**Tip:**
- Benefit from the interest in ‘people helping people’ by certifying your products as Fair Trade or by showing ethical business principles when targeting the UK market. For more information, please refer to the CBI Trends for Natural Ingredients for Health Products.

Market profile

This market profile elaborates on the implementation of the EU-wide regulatory framework for herbal medicinal products and food supplements in the UK and discusses these main segments.

Implementation of EU Directives

Due to the harmonisation of the EU regulatory framework for herbal medicinal products and food supplements, many small players have disappeared from the UK market. New legislation on herbal medicinal products has affected the UK much more than other European countries, such as Germany, because of the considerable differences between the old UK legislation and the new harmonised framework.

Before the Traditional Herbal Medicinal Products Directive (THMPD) came into force, most herbal medicinal products in the UK were allowed to be sold as food, without making health-benefit claims. As a result, the UK had many small producers compared with other European countries. After THMPD took effect, products needed to be registered for the first time, which these small producers could not afford.

Additionally, before THMPD came into effect, Good Manufacturing Practices (GMP) were not needed to produce these health products, neither were Good Agricultural and Collection Practices (GACP) required for their raw materials. Compliance with these practices was unfeasible for smaller companies. Although some medium-sized producers outsourced their manufacturing to manufacturing companies meeting these requirements, many other producers ceased their activities. The gaps have been filled by larger companies, often from other European countries (e.g. Germany, France and Switzerland), which has resulted in increased market concentration in the UK and the transfer of industrial demand for ingredients to these countries.

**Tip:**
- Investigate potential buyers: find out whether they are located in the UK, whether they import MAPs or extracts, and whether these products are sourced directly.
Ayurvedic (Indian medicine) and Traditional Chinese Medicine (TCM) were seriously affected by THMPD: many of these products face difficulties for market authorisation under the new legislation. Although herbalists can still dispense Ayurvedic and TCM products, it is still unclear whether they can continue to dispense them in the future.

The main problem for Ayurvedic and TCM products is that it proved difficult to demonstrate the requisite proof that these products had been used safely over a period dating back 30 years (15 years of which had to be in the EU), a condition for the simplified procedure. This was because the popularity of these products had arisen more recently in date. Additionally, products sometimes include a wide range of ingredients, some of which are not herbal but mineral or animal-based, making authorisation difficult. As some products have only a small market, it is difficult to get a sufficient return on investments.

**Tips:**
- For an overview of legislative requirements for herbal medicinal products and food supplements in Europe, please refer to the CBI EU Buyer Requirements – Natural Ingredients for Health Products.
- For more information on (non-)legislative requirements in Europe for specific indications, please refer to the CBI Product Factsheets on Natural Ingredients for Health Products.

**Main market segments**

The main market segment for health products in the UK is food supplements, which are ahead of herbal medicinal products by quite some margin. This section discusses both segments. Aromatherapy is also popular in the UK. It is used for relaxation or preventative care rather than as a form of medication. Some companies specialise in aromatherapy products, e.g. Neal’s Yard Remedies. In addition, it is important to note that part of the consumption of health products is registered as herbal teas, with a consumption of 2,900 tonnes in the UK (including fruit infusions) in 2012 (EHIA, 2012).

**Food supplements:** Consumer interest in food supplements is relatively high in the UK. Research by Which? (a consumer organisation in the UK) revealed that one in three adults takes food supplements on a regular basis. People take supplements because they believe they support their general health. The research indicated that the most popular supplements in the UK were multivitamins, glucosamine and probiotics.

According to Euromonitor (Federsalus, 2014), the size of the UK food supplements market (excluding vitamins) amounted to € 538 million in 2013. A report by Mintel estimated that this market would reach between €536 million (worst case scenario) and €587 (best case scenario) in 2019. In 2014 a dip in the market was expected since nutrition and health claims have not been approved by the European Food Safety Authority.

In 2013, product groups with the largest market share were those aimed at:
- Joint health (16%)
- General health (14%); supplements for general welfare and with multiple health benefits
- Heart health (12%)
- Women’s health (9.6%); including supplements for pregnant women, menstruation and menopause
- Energy (around 7%)
- Immune system (6.7%)

The PlantLIBRA Consumer Survey (2014) provides an overview of the characteristics and usage patterns of consumers of plant-based food supplements. Of the sample representing the UK, 19% consumed herbal supplements.

According to the survey, the top ten botanicals most commonly used in herbal supplements in the UK are, in descending order of importance:
- *Oenothera biennis*, evening primrose
- *Panax ginseng*, ginseng
- *Hypericum perforatum*, St John’s wort
- *Aloe vera*, aloe
- *Harpagophytum procumbens*, devil’s claw
- *Valeriana officinalis*, valerian
- *Echinacea purpurea*, echinacea
- *Silybum marianum*, milk thistle
- *Allium sativum*, garlic
- *Ginkgo biloba*, ginkgo biloba

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2 This overview is based on a sample of 2,359 adults from six European countries: Finland, Germany, Italy, Romania, Spain and the UK.
The most common dosage forms used in the UK are capsules (47%) and pills/tablets/lozenges (44%). Doses in liquid form are unpopular in the UK and also when compared with the other countries in the survey (8%).

**Herbal medicinal products:** After a decline in alternative health care in the UK, market growth was expected and reported. To illustrate this, alternative health care (e.g. herbal and homeopathic remedies, aromatherapy) declined from 2008 to 2011 (Research and Markets, 2013). In 2012, growth of 1.5% was reported and the market was projected to grow moderately in 2013 and 2014 as well. Of the total market, the largest product group was herbal remedies, accounting for 65% of sales. The UK market for herbal products, one of the smaller markets in Europe, was estimated at £485 million (€668), although this also includes food supplements (Finance Yahoo, 2013).

The UK holds the highest rate of granted traditional use registrations in Europe since the implementation of THMPD (333), followed by Germany (235), Poland (188) and Austria (176). Countries with the fewest registrations were Italy (5), Romania (5) and Slovakia (4).

**Macro and Trade Statistics**

Although some companies involved with natural health products are struggling, as illustrated under the Market Profile, industrial demand increased between 2010 and 2014. This industrial demand is described below.

**UK imports of MAPs**

UK imports of medicinal and aromatic plants (MAPs) were relatively stable from 2010-2014. In 2014 they amounted to 10,000 tonnes/€54 million. The share of developing countries in imports was 55% of volume in 2014. Imports from other European countries accounted for 37% of imports in 2014.

Direct sourcing by the UK is high and increasing. In Europe, only France and Spain had a higher share of developing countries in total 2014 imports (66% and 59% respectively). Consequently, intra-European trade plays a more diminutive role in the UK than in other countries, such as Italy.

**Figure 1: Main suppliers of MAPs to the UK, in 1,000 tonnes***

Several developing country suppliers are important for UK imports of MAPs (Figure 1). In 2014, Kenya was the largest supplier (14% of volume), followed by Egypt (14%). In Kenya, there is substantial production of temperate species at higher altitudes, such as nettle, chamomile, sage and marjoram. These are exported as fresh herbs for use in cooking, whereas in dried form they are more commonly used in natural health products. Egypt is a large producer of, for example, German chamomile (Matricaria chamomilla).
Other developing country suppliers play a smaller role in UK imports. These include India (6% of volume), Turkey (5%) and China (4%). Imports from these countries were relatively stable, increasing or decreasing by less than 5% annually from 2010 to 2014.

The main non-developing country suppliers were Germany (15%), Italy (9%), the Netherlands (5%) and the USA (4%). Of these, Germany and the Netherlands are trade hubs for products destined for UK manufacturers. These re-exporters of MAPs can serve as an entry point for the UK market. Alternatively, Italy and the USA are large producers of MAPs.

**Tips:**
- If you produce temperate MAPs, beware of competition from Kenya, as the largest supplier to the UK, or from European countries, such as Germany or Italy.
- Consider focusing your exports on re-exporters of MAPs, such as the Netherlands and, above all, Germany, in order to reach the UK.

**UK imports of botanical extracts**

UK imports of extracts were rather volatile from 2010 to 2014, due to inexplicably high imports from Brazil in 2010. In 2010, the UK imported 5,600 tonnes of extracts from Brazil, which dropped to under 400 tonnes in 2012.

In the whole time frame, total UK import volume decreased by 19% annually from 2010 to 2014, while import value increased by 10%. Excluding Brazil, UK imports increased by 7% annually. In 2014, total UK imports reached 3,300 tonnes at €42 million.

**Figure 2: Main suppliers of botanical extracts to the UK, in 1,000 tonnes**

![Figure 2: Main suppliers of botanical extracts to the UK, in 1,000 tonnes](image)

* DC: developing country  
* Source: Eurostat (2015)

Developing countries play a much smaller role in exporting extracts to the UK than they do in exporting MAPs. That is similar to the situation across Europe. In 2014, 39% of total UK imports originated from developing countries (Figure 2). The main developing country suppliers included India (14% of total volume), China (14%) and Brazil (8%).

The largest extracts supplier in 2014 was the USA, at 24% of import volume. European (EU + EFTA) suppliers accounted for 39% of UK imports in 2014. The main European suppliers included Germany, the Netherlands, Spain, France, Switzerland and Ireland.

**Tips:**
- Explore your potential to produce extracts based on your MAPs.
- For more trade statistics, please refer to the module Trade Statistics.
**Competition**

Estimated local production has been provided to indicate the competitiveness of the market. Be aware that the UK is also an importer of species from various European, African and Asian countries (discussed in the sections above). Competitive forces stem from both local production and imports.

**Local production**

There is limited production of MAPs in the UK, according to industry sources. Imports satisfy the bulk of industrial demand, especially as UK production focuses in the main on ornamental and culinary end uses. The European Herb Growers Association ([Europam](#)) indicates that production of MAPs in the UK amounted to almost 10,000 ha in 2005. According to industry sources, this figure is still largely accurate today. Cultivation of MAPs for drying or for essential oil production is limited. There is some cultivation of organic MAPs, amounting to approximately 20 ha.

The main products cultivated in the UK are (for drying):
- skullcap (Scutellaria lateriflora)
- echinacea (Echinacea purpurea)
- pot marigold (Calendula officinalis)
- burdock (Arctium lappa)
- comfrey (Symphytum officinalis)
- valerian (Valeriana officinalis)
- feverfew (Tanacetum parthenium)
- marshmallow (Althaea officinalis)

MAPs mostly used in essential oil production include:
- mint (Mentha piperita)
- lavender (Lavandula angustifolia)
- Roman camomile (Anthemis nobilis syn. Chamaemelum nobilis),
- spearmint (Mentha spicata)
- sage (Salvia officinalis).

The UK’s extraction industry is well developed, but considerably smaller than the industry in France, Italy and, above all, Germany. The industry mostly consists of small extraction companies and there are no large-scale players as in France or Italy. The market also includes processors that import extracts from developing countries to complement their own product range. These imported extracts are sometimes reprocessed, but they can also be sold directly to manufacturers.

**Tips:**
- Target the UK if you produce tropical MAPs. This market offers opportunities for tropical species.
- If you produce temperate MAPs, be aware that the UK may be difficult to access. Although cultivation is small-scale in the UK, many of the species have an established and competitive market owing to production in other countries (continental Europe, Kenya).
- Please refer to the [CBI Competition – Natural Ingredients for Health Products](#) for more information on competitive forces in Europe.

**Market-entry strategy**

**Main channels for market access**

Overall, importing wholesalers are the best group to approach when selling your products in the UK. These traders will then break down imports and supply various companies. It will be difficult for developing country producers to trade directly with producers of food supplements and, above all, of herbal medicinal products.

According to industry sources, major traders for MAPs in the UK are the German companies Martin Bauer and Worlée, which trade in both organic and conventional products. The UK company Organic Herb Trading is a trader of organically certified products. Non-organic traders include Herbs in a Bottle and Solgar.
Market players:

- UK companies of interest that deal with extracts include M & A Combin and Ransom. Rutland Biodynamics is a producer and manufacturer of organic herbal ingredients and botanical extracts.
- The herbal medicinal products industry in the UK is consolidating. In the past, many companies were active in the market, as demonstrated in the annex to the following proposal to UK Herbal Interest Groups. Since then, various smaller UK players have disappeared. Some of these are now part of larger groups. Additionally, the sector contracted as manufacturers of herbal medicinal products reformulated their products to be marketed as food supplements. One of the main reasons for this is the adoption of THMPD; the registration of herbal medicinal products and their ingredients, as well as GMP certification, has proved unfeasible for the many small companies previously active in the UK.
- Several large (national and international) companies are present in the UK. The company Holland & Barrett is the main UK retailer of vitamins, minerals and herbal supplements, with private label producers manufacturing many of its products. Smaller companies are also playing a role, e.g. Neal’s Yard Remedies; most of these do not additionally produce health products.
- Foreign manufacturers of finished products enjoy a strong position in the UK as well, e.g. Gee Lawson and Cultech (for food supplements). The main company in the health products industry is A. Vogel (for both herbal medicinal products and food supplements), a company from Switzerland (partly manufactured in the Netherlands).

Tips:

- Consider your opportunities to engage in e-marketing. This could be a (niche) opportunity in the UK, particularly with regard to supplying traditional products to immigrant populations or people interested in non-Western nutritional solutions, such as the country’s large Indian population.
- For more information on channels for reaching the UK market and its various segments, as well as on finding companies active in the market, please refer to the organisations listed under Useful Sources.

Tip:

- Please refer to the module Market Channels and Segments for more information.

Business culture

Tips:

- As the British are rather formal, always address professionals by their surname, unless they indicated otherwise.
- Be aware that rank is respected and businesspeople like to deal with others at the same professional level.
- Be punctual, as this is greatly appreciated.

Useful sources

Trade fairs

Many trade fairs are held in the UK each year. These are excellent venues at which to approach companies that deal with natural ingredients for health products. Some of the relevant trade fairs taking place in the UK include:

- The Pharmacy Show (in Birmingham).

Other foreign trade fairs of relevance to the British market:

- Biofach - for organic producers (in Nuremburg, Germany)
- Health Ingredients Europe; travelling trade fair.
- Vitafoods, in Switzerland.
- Anuga - food and beverages fair with a dedicated “Wellfood” department (supplements, functional food and medicine) (in Cologne, Germany).
Trade press/news

- **Nutra Ingredients**: News on supplements and nutrition in Europe.
- **Foodnavigator**: Science and nutrition research, product news, newsletter, health and nutritional ingredients.
- **Nutraceuticals World**: News, buyers’ guide on various herbs and botanicals, knowledge centre and market, peer-reviewed and supplier research.
- **Nutraceuticals Now (2014 spring issue)**: technical review on functional products and ingredients which are defined as disease preventing and/or health promoting in addition to nutritional value.

Organisations

Specific sources for finding (market) information and potential buyers in the United Kingdom:

- **National Institute of Medical Herbalists** (NIMH)
- **Medicines and Healthcare products Regulatory Agency** (MHRA)
- **British Herbal Medicine Association** (BHMA)
- **Association of Traditional Chinese Medicine** (ATCM)
- **Lanes Health** alternative medicine centre.

More information:

CBI market information: Promising EU export markets.
Eurostat - [http://epp.eurostat.ec.europa.eu/newxtweb](http://epp.eurostat.ec.europa.eu/newxtweb) - statistical database of the EU. Several queries are possible. For trade, choose 'EU27 Trade Since 1995 By CN8'.
International Trade Statistics - [http://www.trademap.org](http://www.trademap.org) – you have to register
This survey was compiled for CBI by ProFound Advisers In Development in collaboration with CBI sector expert Klaus Duerbeck

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