Passport

VITAMINS AND DIETARY SUPPLEMENTS IN SOUTH AFRICA

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VITAMINS AND DIETARY SUPPLEMENTS IN SOUTH AFRICA - CATEGORY ANALYSIS

HEADLINES

- Vitamins and dietary supplements increases by 14% in current value terms in 2015 to reach R 3.8 billion
- Limited growth in disposable incomes discourages growth in vitamins and dietary supplements in South Africa
- Probiotic supplements records the most dynamic current value growth in 2015
- Adcock Ingram leads vitamins and dietary supplements in 2015
- Vitamins and dietary supplements is expected to post a value CAGR of 8% at constant 2015 prices over the forecast period

TRENDS

- Probiotic supplements posted the most dynamic current value growth in 2015 of 25%, despite the decline in disposable incomes across South Africa.
- Vitamins and dietary supplements increased by 14% in current value terms in 2015. Compared to 2014, this indicates a slight increase, which can be attributed to consumers turning to vitamins and dietary supplements as a viable option for the intake of various nutrients, including mineral supplements, vitamins and many other food nutrients which may not be sufficiently available in the foods they consume on a daily basis.
- New product formats and a focus on lifestyle disease prevention and treatment drives growth in this category. Consumers are becoming more educated with regard to their self-medication options and are increasingly adopting a healthy diet as the main way of keeping healthy and avoiding common illnesses.
- Vitamins and dietary supplements remains unregulated. As a result, players within this category source medication at a similar price regardless of retailer size and price increases are also unregulated. Manufacturers tend to be liberal in terms of the unit prices they allocate to their products, which makes them more competitive as they can easily fix desired mark-ups on products.
- The regulatory environment is gradually moving away from industry self-regulation to government control, resulting in increased maintenance and launch costs.

VITAMINS

- Vitamins continues to grow and dominates the overall category with a share of 58% in current value terms in 2015. Multivitamins accounted for 79% of value sales of vitamins in 2015. However, vitamin C recorded the most dynamic current value growth in 2015 of 16%.

- Economic factors are causing a shift from premium to economy and private label brands, as well as to smaller pack sizes and price formats.
- While top-end retailers are losing share to the likes of clicks and Dischem, other retailers are opting for an on-the-go consumer focus strategy and are targeting remote and rural areas, as a result of these areas witnessing an increase in sales.
- Small pharmacies outlets continue to struggle as was evidenced by a decrease in the number of family-owned pharmacies due to financial constraints. There is now a trend for 12-15 pharmacies owners to acquire other pharmacies as a group, thus creating provincial boundaries.

DIETARY SUPPLEMENTS

- Dietary supplements continues to grow and accounted for a 37% share of vitamins and dietary supplements value in 2015. Meanwhile non-herbal/traditional dietary supplements accounted for an 83% value share of dietary supplements. Probiotics supplements and combination non-herbal/traditional dietary supplements recorded the most dynamic current value growth rates in 2015 of 25% and 15% respectively.
- The ease of access to information helps consumers improve their knowledge in terms of leading a healthy life and avoiding common illnesses. Dietary supplements represents an attractive option for the intake of various nutrients which may not be sufficiently available in daily meals.
- Increasing medical costs are driving growth in demand for dietary supplements as consumers look at preventative rather than curative measures. Combination dietary supplements remains a popular choice amongst South Africans who perceive these products to be a value-for-money alternative, which offer multiple health benefits in one product. Combination dietary supplements witnessed growth of 15% in current value terms in 2015.
- Paediatric dietary supplements remained relatively flat in 2015.
- Tonics and bottled nutritive drinks increased by 9% in in current value terms in 2015.

SUPPLEMENT NUTRITION DRINKS

- Supplement nutrition drinks increased by 13% in current value terms in 2015, to reach R41 million.
- In the past, supplement nutrition drinks used to be marketed as food for people experiencing health problems, with some of these drinks marketed as food substitutes and not meal replacement slimming products. However, these products are increasingly perceived as a nutritional supplement to fill some dietary gaps.
- Competition within the category is limited as private label continues to gain momentum and increase in popularity.

COMPETITIVE LANDSCAPE

- Draft amendments to the regulations for vitamins and dietary supplements have now been published for comment. The significant cost involved in the registration process is expected to be particularly draining on smaller companies.

- Vitamins and dietary supplements remains highly competitive, with more products being introduced into South Africa. The most successful companies within this category offer a wider range of products which provides consumers with more options from which to choose.
- Adcock Ingram, Pfizer Laboratories (Pty) Ltd and Vital Health Foods (Pty) Ltd continue to see growth in volume terms as their product ranges continue to expand. Manufacturers of vitamins and dietary supplements often invest most of their time in building relationships with distributors, which range from chemists/pharmacies to health food shops and supermarkets. Retailers often play a huge role by allocating shelf-space for popular products in highly-visible areas within their outlets.

PROSPECTS

- The implementation of the new legislation met with fierce resistance from the industry amid concerns that the definition of complementary medicines could force many products off the market. The Department of Health recognised that the rules contained areas that were ambiguous, not adequately addressed and that had gaps, all of which it envisaged could cause difficulties in implementation. Draft amendments to the regulations have now been published for comment and it is anticipated the result will be an overall loss to the economy.
- Vitamins and dietary supplements is expected to see strong growth over the forecast period, with a predicted increase at a CAGR of 8% in constant 2015 value terms. Price competition is likely to restrict further value growth.
- Vitamins is anticipated to continue dominating the category over the forecast period. Multivitamins is expected to help drive growth as these products tend to be perceived as value-for-money by South Africans, due to the multiple benefits they provide. Demand for all types of vitamins and dietary supplements is also expected to be highly influenced by products aimed at children, with more parents willing to pay extra to get the nutrients which may not be available in their child's daily meals.
- Players within this category support the need to regulate complementary and alternative medicines (CAMs) and this should be achieved without restricting consumer choice or product innovation.

Table 1 Sales of Vitamins and Dietary Supplements by Category: Value 2010-2015

ZAR million

	2010	2011	2012	2013	2014	2015
Dietary Supplements	824.4	896.6	985.9	1,086.9	1,225.8	1,386.4
- Combination Dietary Supplements	159.8	170.3	183.7	198.8	226.6	260.0
- Herbal/Traditional Dietary Supplements	171.1	180.7	193.2	206.7	223.0	240.2
-- Combination Herbal/ Traditional Dietary Supplements	17.6	18.7	21.1	23.4	27.3	31.3
-- Echinacea	22.3	24.4	27.0	29.4	31.8	34.4
-- Evening Primrose Oil	15.1	15.9	16.9	17.9	19.0	20.3
-- Garlic	18.7	19.7	20.8	22.2	23.7	25.3
-- Ginkgo Biloba	15.7	16.7	17.9	19.3	21.0	22.7
-- Ginseng	14.7	15.7	16.9	18.2	19.7	21.3
-- St John's Wort	23.0	24.2	25.6	27.3	29.1	31.1
-- Other Herbal/ Traditional Dietary Supplements	44.0	45.3	46.9	49.0	51.4	53.9
- Non-Herbal/ Traditional Dietary Supplements	653.2	715.9	792.7	880.2	1,002.8	1,146.1
-- Co-Enzyme Q10	5.3	5.7	6.1	6.5	7.0	7.4
-- Combination Non-Herbal/Traditional Dietary Supplements	142.2	151.6	162.6	175.4	199.3	228.7
-- Eye Health Supplements	10.8	11.7	13.2	14.9	16.9	18.8
-- Fish Oils/Omega Fatty Acids	111.8	121.8	133.5	146.3	160.5	176.5
-- Glucosamine	45.9	49.2	53.1	57.4	62.3	67.2
-- Minerals	197.7	208.1	221.0	236.5	253.6	271.4
-- Probiotic Supplements	125.3	153.0	187.7	226.6	285.5	357.2
-- Protein Supplements	4.3	4.6	5.0	5.4	5.9	6.4
-- Other Non-Herbal/ Traditional Dietary Supplements	9.9	10.2	10.7	11.2	11.9	12.6
Paediatric Vitamins and Dietary Supplements	77.9	86.1	95.0	103.2	111.4	121.8
Tonics and Bottled Nutritive Drinks	73.4	80.9	89.8	99.3	109.5	119.4
Vitamins	1,161.7	1,285.9	1,440.0	1,623.3	1,848.5	2,111.7
- Multivitamins	901.6	1,003.0	1,128.8	1,277.5	1,461.9	1,677.5
- Single Vitamins	260.1	282.8	311.1	345.8	386.6	434.2
-- Vitamin A	16.4	17.2	18.1	19.1	20.3	21.6
-- Vitamin B	67.7	70.6	75.0	79.5	84.4	89.4
-- Vitamin C	156.7	175.0	196.9	225.2	258.7	298.7
-- Vitamin D	-	-	-	-	-	-
-- Vitamin E	15.6	16.3	17.1	17.8	18.7	19.7
-- Other Single Vitamins	3.7	3.8	4.0	4.3	4.5	4.8
Supplement Nutrition Drinks	24.0	25.2	28.0	31.8	36.2	41.0
Vitamins and Dietary Supplements	2,161.4	2,374.7	2,638.7	2,944.5	3,331.4	3,780.3

Source: Euromonitor International from official statistics, trade associations, trade press, company research, store checks, trade interviews, trade sources

Note: 2015 data is provisional and based on part-year estimates.

Table 2 Sales of Vitamins and Dietary Supplements by Category: % Value Growth 2010-2015

% current value growth

	2014/15	2010-15 CAGR	2010/15 Total
Dietary Supplements	13.1	11.0	68.2
- Combination Dietary Supplements	14.8	10.2	62.7
- Herbal/Traditional Dietary Supplements	7.7	7.0	40.4
-- Combination Herbal/Traditional Dietary Supplements	14.8	12.3	78.2
-- Echinacea	7.9	9.0	54.1
-- Evening Primrose Oil	6.6	6.2	34.9
-- Garlic	6.9	6.2	35.0
-- Ginkgo Biloba	8.1	7.6	44.4
-- Ginseng	8.3	7.7	44.7
-- St John's Wort	6.7	6.2	34.9
-- Other Herbal/Traditional Dietary Supplements	4.9	4.1	22.5
- Non-Herbal/Traditional Dietary Supplements	14.3	11.9	75.5
-- Co-Enzyme Q10	6.7	6.9	39.5
-- Combination Non-Herbal/Traditional Dietary Supplements	14.8	10.0	60.8
-- Eye Health Supplements	11.2	11.7	74.1
-- Fish Oils/Omega Fatty Acids	10.0	9.6	57.8
-- Glucosamine	7.8	7.9	46.2
-- Minerals	7.0	6.5	37.3
-- Probiotic Supplements	25.1	23.3	185.2
-- Protein Supplements	9.0	8.2	48.6
-- Other Non-Herbal/Traditional Dietary Supplements	5.9	5.0	27.4
Paediatric Vitamins and Dietary Supplements	9.3	9.4	56.4
Tonics and Bottled Nutritive Drinks	9.0	10.2	62.7
Vitamins	14.2	12.7	81.8
- Multivitamins	14.8	13.2	86.1
- Single Vitamins	12.3	10.8	67.0
-- Vitamin A	6.4	5.6	31.4
-- Vitamin B	5.9	5.7	32.0
-- Vitamin C	15.5	13.8	90.6
-- Vitamin D	-	-	-
-- Vitamin E	5.4	4.8	26.7
-- Other Single Vitamins	6.2	5.6	31.4
Supplement Nutrition Drinks	13.2	11.3	70.5
Vitamins and Dietary Supplements	13.5	11.8	74.9

Source: Euromonitor International from official statistics, trade associations, trade press, company research, store checks, trade interviews, trade sources

Note: 2015 data is provisional and based on part-year estimates.

Table 12 Forecast Sales of Vitamins and Dietary Supplements by Category: Value 2015-2020

ZAR million

	2015	2016	2017	2018	2019	2020
Dietary Supplements	1,386.4	1,488.9	1,605.0	1,737.2	1,884.6	2,047.9
- Combination Dietary Supplements	260.0	280.7	302.3	324.7	348.2	370.1
- Herbal/Traditional Dietary Supplements	240.2	244.9	250.6	256.5	262.6	268.5
-- Combination Herbal/ Traditional Dietary Supplements	31.3	34.0	37.0	39.9	43.0	45.7
-- Echinacea	34.4	34.7	35.5	36.6	38.0	39.6
-- Evening Primrose Oil	20.3	20.4	20.5	20.9	21.1	21.3
-- Garlic	25.3	25.7	26.1	26.4	26.7	26.9
-- Ginkgo Biloba	22.7	23.2	23.6	24.0	24.2	24.4
-- Ginseng	21.3	21.8	22.1	22.5	22.8	23.3
-- St John's Wort	31.1	31.5	32.2	32.7	33.1	33.5
-- Other Herbal/ Traditional Dietary Supplements	53.9	53.7	53.6	53.6	53.6	53.7
- Non-Herbal/ Traditional Dietary Supplements	1,146.1	1,244.0	1,354.4	1,480.7	1,622.0	1,779.5
-- Co-Enzyme Q10	7.4	7.5	7.6	7.6	7.6	7.6
-- Combination Non-Herbal/Traditional Dietary Supplements	228.7	246.7	265.3	284.8	305.2	324.4
-- Eye Health Supplements	18.8	19.3	19.9	20.5	21.1	21.6
-- Fish Oils/Omega Fatty Acids	176.5	184.9	194.1	204.4	215.5	228.0
-- Glucosamine	67.2	68.4	70.1	72.2	74.7	77.6
-- Minerals	271.4	275.4	279.7	285.3	292.3	300.4
-- Probiotic Supplements	357.2	422.4	497.9	585.6	684.6	798.5
-- Protein Supplements	6.4	6.7	7.0	7.3	7.6	7.8
-- Other Non-Herbal/ Traditional Dietary Supplements	12.6	12.6	12.8	13.1	13.3	13.6
Paediatric Vitamins and Dietary Supplements	121.8	127.8	133.2	137.9	142.3	146.3
Tonics and Bottled Nutritive Drinks	119.4	122.6	125.4	127.6	130.7	134.2
Vitamins	2,111.7	2,293.0	2,502.4	2,738.1	2,978.2	3,231.0
- Multivitamins	1,677.5	1,828.1	2,001.9	2,200.7	2,403.1	2,617.2
- Single Vitamins	434.2	464.9	500.4	537.4	575.1	613.7
-- Vitamin A	21.6	21.8	22.2	22.7	23.2	24.0
-- Vitamin B	89.4	89.9	90.6	91.3	91.9	92.7
-- Vitamin C	298.7	328.5	362.8	398.4	435.0	472.0
-- Vitamin D	-	-	-	-	-	-
-- Vitamin E	19.7	19.8	19.9	20.0	19.9	19.9
-- Other Single Vitamins	4.8	4.9	4.9	5.0	5.1	5.2
Supplement Nutrition Drinks	41.0	43.7	46.4	48.8	50.9	52.7
Vitamins and Dietary Supplements	3,780.3	4,076.0	4,412.3	4,789.5	5,186.7	5,612.1

Source: Euromonitor International from trade associations, trade press, company research, trade interviews, trade sources

Note: 2015 data is provisional and based on part-year estimates.

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