GLOBAL AND REGIONAL TRENDS OF THE PROBIOTICS AND OMEGA FATTY ACIDS MARKET
CHINA INTERNATIONAL PROBIOTIC AND OMEGA-3 INDUSTRY SUMMIT
PRESENTED BY STACIE HUI WAN
CONSUMER HEALTH TEAM LEAD

SHANGHAI, CHINA
23 JUNE 2015
INTRODUCTION
THE RETAIL VALUE OF PROBIOTICS AND DRIVERS OF GROWTH
RETAIL INNOVATION OF PROBIOTICS
THE EVOLVING CONSUMER – HEALTH AND WELLNESS TRENDS
FUTURE PROSPECTS ACROSS THE WORLD, ASIA PACIFIC AND CHINA
Scope of the probiotics coverage

Global (Retail Value 2014)

- Consumer Health
  - US$216.2 billion
- Vitamins and Dietary Supplement
  - US$88.4 billion
- Probiotic supplements
  - US$3.9 billion
- Fortified Functional Packaged Foods
  - US$275 billion
- Total Pro/Pre Biotic Yoghurt
  - US$31.5 billion
- Sour Milk Products
  - US$8.0 billion

China

- China Probiotics Supplements
  - US$56 million
- China Pro/Pre Biotic Yoghurt
  - US$8.5 billion
- China Sour Milk Products
  - US$0.5 billion

Disclaimer

- All values expressed in this presentation are in US$ terms, using a fixed 2014 exchange rate.
- 2014 figures are based on part-year estimates.
- All historical and forecast data are expressed in constant terms; inflationary effects are excluded.

Some of the information in this presentation is of a statistical nature and, while every attempt has been made to ensure accuracy and reliability, Euromonitor International cannot be held responsible for omissions or errors. Figures in tables and analyses are calculated from unrounded data and may not sum. Analyses may not totally reflect the companies’ opinions, viewer discretion is advised.
43.3 billion US$ RETAIL VALUE IN THE WORLD 2014

4.0% RETAIL VALUE UP FROM 2013

54.3% EXPECTED GROWTH IN ASIA PACIFIC BY YEAR 2019
Same continent with interesting contrasts

US$15.6 billion
Asia Retail Value in 2014

Asia
4,029 million consumers
65.3% of Retail Value

China
1,361 million consumers
34.7% of Retail Value
THE RETAIL VALUE OF PROBIOTICS AND DRIVERS OF GROWTH

2014 overview: World vs. Asia Pacific vs. China

**World**
Retail Value
US$35.8 billion

**Asia Pacific**
Retail Value
US$14.8 billion

**China**
Retail Value
US$5.4 billion

- Probiotic Supplements
- Total Pro/Pre Biotic Yoghurt

© Euromonitor International
Probiotics Retail Value Sales and Growth by Relevant Country

Top five countries hold 52% of global retail value

- China: 156 billion
- Japan: 11 billion
- United States: 90 billion
- Russia: 12 billion
- Brazil: 73 billion

% growth rate 2009/2014:
- United Kingdom: -54
- Italy: -14
- Australia: -25
- Spain: -28
- Germany: 52
Probiotics household expenditure by country in 2014 (US$) (sum of probiotic supplements, yoghurt and sour milks)

Japan US$101
South Korea US$115
China US$12
Vietnam US$12
Thailand US$13
Singapore US$52
Indonesia US$7
Philippines US$6

Pakistan US$0
India US$0.1
Vietnam US$12
Asia Pacific consume most probiotics as functional yoghurt

### Asia Pacific – Retail Value of Probiotics by Type 2000/2019

- **Probiotic Supplements**
- **Total Pro/Pre Biotic Yoghurt**
- **Sour Milk Products**

**Consumption gap**
US$12,676 million 2014
Dominance of probiotic-rich foods over supplements in China

China – Retail Value of Probiotics by Type 2000/2019

Consumption gap
US$5,283 million 2014
Understanding trends in probiotic yoghurt consumption

**Asia Pacific**

Split on Retail Value
US$14,118 million (2014)

- 70%
- 20%
- 9%
- 1%

- Pro/Pre Biotic Drinking Yoghurt
- Pro/Pre Biotic Flavoured Spoonable Yoghurt
- Pro/Pre Biotic Fruited Spoonable Yoghurt
- Pro/Pre Biotic Plain Spoonable Yoghurt

**China**

Split on Retail Value
US$3,304 million (2014)

- 62%
- 29%
- 6%
- 3%

- Pro/Pre Biotic Drinking Yoghurt
- Pro/Pre Biotic Flavoured Spoonable Yoghurt
- Pro/Pre Biotic Fruited Spoonable Yoghurt
- Pro/Pre Biotic Plain Spoonable Yoghurt
Drivers of innovation

- Science support
- Delivery
- Health claim
- Specialty
New discoveries to bring new opportunities in the retail space

Diarrheal treatment
Digestive health
Oral health
Vaginal health
Skin health
Weight control
Sports endurance
New formulations that help differentiate brands

- Specialty premium
- Sparkling drink
- Segmented by type of consumer

- Health benefit specific
- Convenient shot
- Confectionery
The drivers of demand for retail sales of probiotics

- Urbanisation
- Preventive health
- Discretionary income
- Marketing and celebrity endorsements

Seeking natural options with no side effects
Cannibalizing sales as probiotics applications expand? Foods/beverages vs. dietary supplements in developed markets

Consumer dilemma:
Why purchase a supplement if my food and/or beverage already contains probiotics?
INTRODUCTION

GLOBAL MARKET OVERVIEW OF FISH OILS/OMEGA FATTY ACIDS

RETAIL INNOVATION

FINAL THOUGHTS
3.6 billion US$ Retail value of fish oils/omega fatty acids supplements in the world - 2014

1.6% Retail value up from 2013

16.7% Expected growth in Asia Pacific by year 2019
Omega fatty acids as supplements, functional foods and beverages

Global (Retail Value 2014)

Health and Wellness Packaged Foods/Beverages
US$765 billion

Fortified/ Functional (FF) Packaged Foods
US$275 billion

Omega-3 FF Packaged Foods
US$2.4 billion*

Consumer Health
US$216 billion

Vitamins and Dietary Supplements
US$89 billion

Fish Oils/Omega Fatty Acids
US$3.7 billion

*Excluding baby food/milk formula
Omega fortification in health & wellness packaged foods

- Baby formula - largest omega-fortified/functional (FF) food

- Fortified/functional spreadable oils and fats, milk and bread are the most popular in omega fortification

- However, omega fortification is a standard in few selected geographies

Key Fortified Omega -3 Ingredient by Categories*, Retail Value 2014

*Excludes baby food/milk formula
Figures pulled from only those countries where Omega-3 fortification takes place or is allowed
Fish oils/omega fatty acids supplements around the world

Top Countries - Fish Oil/Omega Fatty Acid Supplements, Retail Value 2014

- China: US$ 350 million (2014), 2009-2014 % CAGR 15%
- Japan: US$ 250 million (2014), 2009-2014 % CAGR 10%
- Australia: US$ 200 million (2014), 2009-2014 % CAGR 5%
- Venezuela: US$ 150 million (2014), 2009-2014 % CAGR 10%
- United Kingdom: US$ 100 million (2014), 2009-2014 % CAGR 5%
- Canada: US$ 50 million (2014), 2009-2014 % CAGR 0%
- South Korea: US$ 0 million (2014), 2009-2014 % CAGR -5%
GLOBAL MARKET OVERVIEW OF FISH OILS/OMEGA FATTY ACIDS

A growing market in Asia Pacific

Top Asian Markets - Fish Oil/Omega Fatty Acids Supplements
Retail Value 2014

© Euromonitor International
Consumption trends - omega fatty acids via fish/seafood

Fish and Seafood Consumption (Kg per Household) Cross Country Comparison, 2014

- Spain
- Chile
- Japan
- Vietnam
- Thailand
- Peru
- Norway
- China
- Singapore
- Indonesia
- Portugal
- South Korea
- Philippines
- Taiwan
- Malaysia

Kg per household

- Fresh
- Packaged
Mass media driving a boom-bust cycle in the US that may influence the world

US - Fish Oils/Omega Fatty Acids Supplements, 2009-2014

About 18,400,000 results (0.50 seconds)

Fish Oil Claims Not Supported by Research - NYTimes.com
well.blogs.nytimes.com/2015...fish-oil-claims-not-supported-by-research... - Mar 30, 2015 - From 2005 to 2012, at least two dozen rigorous studies of fish oil were... of Auckland in New Zealand and the author of a 2014 study on fish oil...

Daily Fish Oil Supplement May Not Help Your Heart: Studies...consumed.healthday.com/...daily-fish-oil-supplement-may-not-help... - Mar 17, 2014 - Both studies found that the omega-3 fatty acids in fish oil supplements do... released a statement calling the new report's viewpoint "potentially..."

Groundbreaking Study Reveals New Mechanism Behind...www.livestrong.com/magazine/2012/...Fish Oils Health... - Page 01 - But if you’ve ever been tempted to pay top dollar for Big Pharma’s knockoffs, 2-4 a 2012 study shows once and for all that a quality fish oil supplement provides...

Daily Fish Oil Supplement May Not Help Your Heart: Studies...www.webmd.com/...daily-fish-oil-supplement-may-not-help... - WebMD - Mar 17, 2014 - ... benefits they desired, according to a pair of new research reports. Both studies found that the omega-3 fatty acids in fish oil supplements do not... A second study also came to the same conclusion regarding omega-3 fatty...

Fish oil: friend or foe? - Harvard Health Publications
www.health.harvard.edu - Harvard Health Blog - Harvard University - Jul 12, 2013 - Today (July 11) – Fish oil may increase risk of prostate cancer." First, the latest news. A study by scientists at the Fred Hutchinson Cancer Research Center... Back in May, for example, Italian researchers reported in the New...
Formulations expand with new positioning and delivery forms

- Grain-based omega fatty acids
- Multivitamin with omegas
- Omega fortified with vitamin D
- Pediatric omega gummy supplement
- Beauty supplement with omegas
The drivers of demand for retail sales of fish oils/omega fatty acids

- Increase in perceived benefits on health
- Concern for the wellbeing of all family members
- Preventive health
- Marketing communications
- A rising older adult population
Key takeaways

Omega fatty acids offer a lifetime of benefits – from birth to old age

Specialisation in formulation and application is gaining in importance

Market growth to normalise in the future as science proves more benefits
THANK YOU FOR LISTENING

Stacie Hui Wan
Research Analyst – Consumer Health
hui.wan@euromonitor.com.cn
Euromonitor International (Shanghai) Co, Ltd,
Unit 01-08, 11/F Cross Tower, No. 318 Fuzhou Road,
Shanghai 200001, China

@euromonitor

www.facebook.com/euromonitorinternational

www.youtube.com/Euromonitor
Who is Euromonitor International

Our Services
Syndicated Market Research
Custom Research and Consulting

Expansive Network
On the ground researchers in 80 countries
Complete view of the global marketplace
Cross-comparable data across every market

Our Expertise
Consumer Trends & Lifestyles
Companies & Brands
Product categories & Distribution channels
Production & Supply Chains
Economics & Forecasting
Comparable data across markets
Euromonitor International network and coverage

12 OFFICE LOCATIONS
London, Chicago, Singapore, Shanghai, Vilnius, Santiago, Dubai, Cape Town, Tokyo, Sydney, Bangalore, and São Paulo

80 COUNTRIES
in-depth analysis on consumer goods and service industries

210 COUNTRIES
demographic, macro- and socio-economic data on consumers and economies