

Health Food Retailing - UK - April 2010

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What is this report about?

Estimated to reach £495 million in 2010, the health food sector has enjoyed sales growth of 17% over 2005-10. Since Mintel last reported on the sector in 2008, it has remained under intense pressure from non-specialist retailers, and particularly the leading grocers, challenging the specialists on both price and width of range.

The sector has also faced new challenges in the form of a swing towards broad-based, natural health in consumer attitudes, also being affected by the recession. Mintel's exclusive consumer research shows that a large minority of consumers have cut back on health foods, revealing this as a discretionary spending area.

As price and convenience come across as key choice factors for health food purchases in Mintel's consumer research, the outlook for the sector remains challenging, though much depends on the market leader Holland & Barrett's ability to re-energise its brand.

What have we found out?

- Convenience is key to store choice for ten million health food users. Steps to making a shop more easily accessible, including online, can tap into the spending of this sizeable group.
- Price drives the store choice of less than two in five health food shoppers, suggesting that the other 19 million respond firstly to other, less blunt tools.
- Almost four million people in the 25-34-year-old age group feel they are too busy to take care of themselves as well as they should. Tangible ideas of how health foods can boost well-being with little effort could loosen the purse strings of this potentially high-spending segment of the health food market.
- In-store information and support can drive additional sales among the 21 million health food shoppers who are not adverse to advice.
- A high proportion of regular grocery shoppers at M&S, Waitrose and the Co-op are heavy users of health foods, suggesting potential to drive sales through a wider health food offering at these stores, or for collaboration between these supermarkets and health food specialists.
- Loyalty schemes or exclusive brands targeting 25-34-year-olds could drive sales by coaxing greater store loyalty among this group: an age group which has a relatively high proportion of users of health foods, but which also is more promiscuous in its shopping habits than other age groups.

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