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Special Report

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Made in Italy

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Italian Food Supplements: relevant and responsive

With 65 percent of the adult population in Italy reportedly using food supplements[1]—a figure which equates to 32 million individuals—the central role these products play in supporting health and well-being in the country is firmly established. What is equally striking is that the Italian market has grown consistently over recent years. Valued at €1.7 billion in 2011,[2] following constant 10 percent yearly growth, the sector has since increased steadily to reach the current value of €3.3 billion.[3]

This upward trajectory demonstrates a resilient industry with the ability to adapt to the needs of a changing demography; the stresses of modern living, an ageing population and a culture increasingly focused on long-term health and prevention are shaping domestic health demands, and food supplements are meeting them.

The market, at a glance

From probiotics and cholesterol support to urinary tract health, antioxidants and calming/sleeping aids, the number of different issues addressed by the food supplement industry continues to evolve. In fact, 17 different categories account for 59 percent of the total market value.[4] This reflects a diverse landscape that embraces gut health and other emerging trends, while sustaining longstanding favourites such as multivitamins and minerals. It is also important to note that the supply chain on which the Italian market rests is solid. With production largely carried out by contract manufacturers based in Italy and a robust wider network, the industry is in a strong position to capitalise on new opportunities.

"The Italian food supplement industry is internationally recognised for its excellence," says Marco Fiorani, president of Italian food supplement association FederSalus. "Stimulated by increasingly demanding consumers, pharmacists and doctors, our industry is very dynamic and focused on innovation. Moreover the Italian model is a point of reference in the EU, thanks to its advanced regulatory framework and our members' technical know-how renders the *Made in Italy* extremely competitive."

So how does it maintain this high level of performance?

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Key influencers

One of the most important market drivers of the food supplement industry is the value placed on the advice given by doctors and pharmacists. Three out of four consumers rely on them as a source of information or for guidance before purchasing a dietary supplement for the first time.[5] This high level of influence far outstrips that of advertising, the internet or word of mouth, and is based on trust.

The fact that the medical prescription of supplements continues to increase—up more than 28 percent in the last two years[6]—shows there is widespread recognition among clinical professionals that these products have a role to play as part of a balanced lifestyle. This position is undoubtedly strengthened by the regular publication of technically-advanced, science-based evidence supporting health claims and regulatory compliance. Such positive endorsement from the healthcare community has proved hugely beneficial to the growth of the industry and looks set to remain a powerful force.

"We can say for certain that doctors and pharmacists play a central role in the Italian market; the vast majority of general practitioners and many specialists use food supplements to manage a whole range of 'disorders' and to reduce the risk of pathological occurrences," Fiorani says. "It is also very positive that in Italy nearly 90 percent of the food supplements sales pass through pharmacies and that the main touch points of the consumer before purchasing a food supplement are either a doctor or a pharmacist." He adds that food supplements have provided pharmacists with the opportunity to reinforce their roles as go-to health advisors, meeting the needs of the modern consumer.

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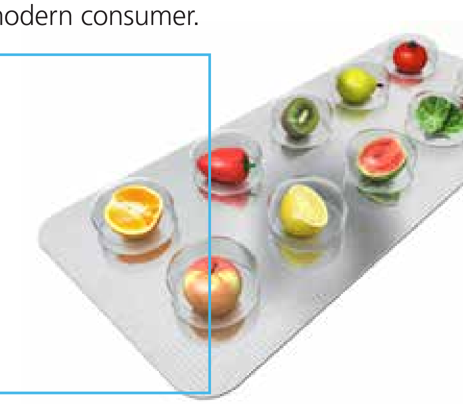

It appears to be a win-win situation. Food supplements generate significant revenues for pharmacies, second only to prescription drugs, while the ever-expanding range of consumer health concerns and lifestyle aspirations fuel a thriving programme of product innovation. In fact, market analysis shows that 91 percent (€136 million) of total sales in 2018 can be attributed to new food supplement product launches, representing a yearly increase of just over five percent.[7]

Smart investments

Given the high level of market penetration and widespread acceptance by consumers, pharmacists and doctors, it might be tempting for Italian supplement manufacturers to simply maintain the status quo or scale down expenditure—but this is not an option for such a highly competitive industry.

According to research carried out by FederSalus across more than 190 national and multinational member companies operating in the food supplement industry, investments in 2017 accounted for 11 percent of turnover. Of those surveyed, 57 percent reported an increase in spending.[8]

This finding, together with the breadth of chosen investment areas, builds a picture of an industry in motion. Plants and new machinery, advanced R&D, improved digital technologies, training, e-commerce and green technologies are among the main functions to benefit from,[3] as companies seek to continually improve operations to address today's challenging business environment.

Interestingly, the food supplement industry is also proving responsive to the national tax incentives scheme, Industrial Plan 4.0,[9] which was launched by the Italian Government in February 2017 to encourage investment in technology. Forty-one percent of companies questioned by FederSalus report using at least one of the tax measures, while 64 percent rely on more than one. These initial signs are encouraging; time will tell if the initiative will have a noticeable impact on the food supplement sector.

Elsewhere, upbeat employment trends provide further evidence of a robust, confident and growing industry. Forty-seven percent of companies increased staff numbers in 2017. Even more encouraging: The percentage of companies that declared employment rose or remained constant during the previous three years was close to 100 percent.

This growing focus on new markets is also backed up by the FederSalus study,[10] which found that **22% of companies are now exporting more than a quarter of turnover.** In fact, the same study found that **80% have increased exports year-on-year**.

Expanding exports

Many Italian companies have their sights firmly set on international markets, where the region's reputation for high-quality, authentic and well-documented products is a major selling point. This growing focus on new markets is also backed up by the FederSalus study,[9] which found that 22 percent of companies are now exporting more than a quarter of turnover. In fact, the same study found that 80 percent have increased exports year-on-year.

It appears to be a constantly changing dynamic, where new opportunities and demand for Italian products will dictate export strategies. So, although current operations are mainly focused on European markets, this appears to be set to change with China, Asia, Russia and India gaining traction and expected to command a greater share of activity in the near future.

For those companies that embrace foreign trade, whether as distributor, foreign subsidiary or exhibitor at international events, the results are compelling. They are found to outperform their non-exporting counterparts in terms of investment, employment and food supplement-related turnover.



Despite the potential commercial gains, this appears to be an under-exploited avenue. Twenty-five percent of companies do not currently export and, among those that do, it accounts for less than a quarter of turnover for the majority. The evident success of Italian supplement companies abroad may prompt others to look at export opportunities with fresh eyes and consider how to integrate new trade channels into business operations.

Looking ahead

Many issues will undoubtedly have an impact on the industry, sustainability being one of the most important. Ethical and environmental concerns are top of mind for many consumers and increasingly influence the brands with which they choose to interact. Whether directly or indirectly relating to food supplements, wider macro trends provide a valuable social commentary. For example, 52 percent of Italian consumers are reportedly willing to pay higher prices for products that offer this collective benefit; this is up year-on-year from 32 percent in 2013 and a common thread on a European level.[10]

> **Only recently have EU rules tried to replace local regulations, but the attempt to harmonise clashed with local traditions of use, culture, attitude and regulations that are consolidated and reluctant to give way.**
>
> — Marco Fiorani, president of Italian food supplement association FederSalus

Considering also that, on a worldwide scale, products from socially-responsible brands grew more than those that weren't active,[10] it's clear that the impact of do-good companies is far-reaching. Whether targeting domestic and/or international markets, Italian food supplement manufacturers would do well to take note and align operations accordingly if they aren't doing so already.


Lack of regulatory harmony at European level is another critical point which, for Italy is likely to prove problematic. "Only recently have EU rules tried to replace local regulations, but the attempt at harmonisation came up against traditions of use, culture, attitude and local regulations that are consolidated and reluctant to give way," Fiorani reports. He points to the "considerable difficulties" of applying the community provisions on the application of Health Claims and Mutual Recognition to Food Supplements[11] between different countries as a case in point.

Despite these challenges, the general mood across the Italian industry is positive and FederSalus is also keeping up momentum on behalf of its members. The association has recently launched a common industry identity and three-phase initiative developed to consolidate the position of food supplements within the healthcare environment. "We aim to support and enhance the production chain and the internationalisation of Italian companies towards new geographic markets, in particular Eastern Europe and Asia where Italian quality and innovation have a recognised and distinctive value," Fiorani says.

So, given that the Italian supplement market has successfully navigated wider trading issues, such as a slow economic recovery and political uncertainty, it seems highly likely that this resilient, creative and innovative sector will continue to go from strength-to-strength.

Case studies

Companies living the Italian values

Quality, authenticity, attention-to-detail and passion are all closely associated with Italian products—and the food supplement sector is no exception. These attributes are underlying principles for many of the innovative Italian businesses operating today:

- **Nathura**: Market leader in bowel well-being, sleeping aids and women's health solutions with international ambition, family-owned Nathura is one of Italy's leading manufacturers of food supplements. Specialising in fibre-based products (psyllium) and melatonin, its strong portfolio is formulated with natural active ingredients, supported by meticulous research and scientific evidence. Established in 1992, Nathura has recently expanded its business to focus on new global markets.
- **FaberFarma**: A division of pharmaceutical manufacturer Farmalabor, FaberFarma specialises in the contract manufacturing and packaging of food supplements. The company offers a full range of services, which can be tailored for individual customer needs. From development of new and complete formulations, to the design of bespoke packaging concepts, through to the delivery of finished, retail-ready product, a technical team provides guidance at every stage of product development. Legal and technical advice is also available to support the preparation of technical dossiers and ensure regulatory compliance. Its expertise extends to the production and packaging of tablets, capsules, pearls, oral sprays, sachets, liquid single dose, oils and emulsions.
- **LimHealth**: A young and fast-growing food supplement contract manufacturer and developer, this ambitious company produces a wide range of products designed to respond to the diverse health needs of consumers. Offering a number of different format options, it allows customers to create a point of difference and boost product appeal among the target consumer demographic. LimHealth's growing portfolio includes: multivitamins, herbal remedies, preprobiotics, anti-cough, women's and men's health and well-being, immunity, joint mobility, digestive health, antacids and cardiovascular health.
- **Montefarmaco OTC:** This third-generation, family-owned, Italian pharmaceutical company is known for its standout innovation. Driven by a pioneering spirit, Montefarmaco OTC continues to bring new solutions to the market. Its latest innovation is the patented MCap System: a primary packaging system designed to enable powdered food supplements to be dissolved in aqueous solutions immediately prior to use, preserving sensitive actives from exposure to air and humidity. The engineered design also aims to improve the customer experience by "significantly" reducing the effort needed to push down and unscrew the cap. The company has applied its Italian-made innovation to its well-known probiotic product, Lactoflorene, and intends to make it available on licence to third parties in the near future.

About our partner:

Italian Trade Agency

The Italian Trade Agency (ITA) is the governmental agency that supports the business development of Italian companies abroad and promotes the attraction of foreign investment in Italy. With a motivated and modern organisation and a widespread network of overseas offices, ITA provides information, assistance, consulting, promotion and training to Italian small- and medium-sized businesses. Using the most modern, multi-channel promotion and communication tools, it acts to assert the excellence of Made in Italy in the world. The ITA office in Switzerland has been based in Bern since 2014 and is headed by Simona Bernardini. The main activities of the office consist in assisting the export of Italian companies, through the provision of services and the organization of events. The office also has an FDI desk for attracting investments to Italy.

The Italian Government adopted an extraordinary Program for the promotion of Made in Italy and attraction of investments in Italy, aimed to:

- Expand the number of companies, in particular small- and medium-sized businesses, operating in the global market
- Enlarge the international trade shares
- Enhance the image of Made in Italy in the world
- Support activities to attract foreign investments in Italy

The ITA Office in Bern plays a key role with support activities in favour of the Italian food supplement industry in Switzerland. The promotion, together with the protection of the Made in Italy products of the nutraceutical sector and Italian technological production know-how, constitute one of the main objectives in its promotional tasks.

In compliance with these guidelines, this report is the result of the cooperation between ITA and FederSalus and is sponsored by ITA and MISE (Ministry of Economic Development of Italy). ITA and MISE have taken the decision to promote Italian companies' participation in Vitafoods Europe 2019 with a supporting communication campaign and for the next edition, in 2020, will organise the Italian Pavilion, in partnership with FederSalus.

The food supplement industry represents one of the fastest growing Italian sectors in the foreign markets both for its quality and tailor-made products.

federSalus
Associazione Nazionale Produttori e Distributori Prodotti Salutistici

FederSalus, is the Italian Association of Health Products and Manufacturers, that works in the area of health products (food supplements, fortified foods, dietary, products, herbal products and functional foods). Federsalus is member of EHPM (European Health Products Manufacturers). Actually FederSalus counts more than 219 members that take part to this association. Federsalus' main goal is to support all companies of the health products area, at the same time the free choice of the consumer.

Main Goal:

- Developing and improving an appropriate legislation for food supplements.
- Issuing knowledge about health products properties, characteristics and claims, in order to inform correctly all consumers
- Taking legal measures when a legal action against a single company, involves general interests of food supplement industries.
- Improving quality of products and services,with a qualification programme known as (Programma di Qualificazione Aziendale-PQA),which issues a certificate after an inspection and a course. This certificate has to be updated every year.
- Providing a legislative update about national law, EU directive, European community alert, by a monthly newsletter and daily news.

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