



PRESS RELEASE

Most popular brand in the field of organic and health food:

Health Food Shops are catching up

[08.02.2012] Health Food shops have long been regarded as losers in the boom in organic products. However: just in time for the 125th anniversary of the existence of the business segment "Health Food Shops", the Association of Health Food Shops (Reformhausvereinigung neuform eG) has, in cooperation with dealers and manufacturers, succeeded in decisively reversing the economic trend. Based on a concept that offers the customer far more than the Wholefood Shop for organic products or the chemist can offer, Health Food shops have once again, been able to secure a sound position in the market for LOHAS (Lifestyles of Health and Sustainability) within the past four years. This result was reported in the aftermath of a recent interview of consumers conducted by Dr. Wieselhuber & Partner (W&P) among 1000 market participants. The survey that was conducted for the first time in 2008 provided alarming results at the time. Today, the picture looks different.

The LOHAS market is booming: at the moment approximately 20 to 25 percent of the German population are patronizing the LOHAS market, which thus has an estimated market volume of about 6 billion Euros. If Health Food Shops were able to realize only a negative turnover development in the year 2008 in this lucrative segment, their current market presence with a turnover of approximately EUR 600 million looks clearly more positive. Today, the Health Food Shop is the first choice for 29 percent of interviewed LOHAS in Germany which translates into about 50 percent more patronage than in 2008 (20 percent). The consequence: turnover could be clearly stabilized and market share expanded already for the second consecutive year with gains of 2.3 percent recorded in the core area of Natural cosmetics as opposed to the trend in the area of Specialized trade in Natural Food.

The reason for this success is the consistent implementation of a comprehensive catalog of actions on the repositioning and reforming of the Health Food Shops. This was worked out in conjunction with the Industry expert of W&P and stretches from the review of approach to values and quality up until the continued development of the type of business. Consultants

however still foresee far more potentials: they forecast a realistic future market for the Health Food Shop within the range of approximately EUR 1 billion.

“Health Food Shops have decisive advantages that they may exploit in the competition for market shares: they have a 95 percent level of brand awareness throughout Germany and have an area-wide network. Even popular competitors like Alnatura lag far behind with a brand awareness level of 63 percent.” says Philipp Prechtel, Industry expert of W&P.

Moreover, dealers are able to take advantage of highly promising marketing tools. This has guaranteed the survival of the professional shop concept of neuform in the past years, which can be transferred to shops of all sizes: *„Attractive and modern shops are absolutely INEVITABLE. It is the only way to guarantee the first-choice position among retail outlets in our target group in the future“*, says Erwin Perlinger, Chairman of neuform. The dealer should also more actively utilize a recognized and successful marketing instrument such as the “Reformhauskurier” - the most popular customer magazine in this segment after the “Apothekenrundschau” - in appealing to potential customers and for customer commitment.

Another important approach: the quality of the product shall continue to gain priority over everything else. The survey shows that high product quality with 59 percent, accounts for the major reason of patronage by customers of the Health Food Shop. It is also worthy of note that the exclusiveness of the products which was mentioned as purchasing criterion by 66 percent of customers in 2008 has clearly dropped to 51 percent today. Rainer Plum, new Chairman of neuform since the summer of 2011 draws the conclusion that *“Exclusiveness is dead. There is no escaping leadership in quality. We the dealers and the industry are obliged to come together and meet the quality demands of our customers“*.

That is also the conclusion of the survey: to be able to achieve the envisaged future market potential of EUR 1 billion within the next 5 years, the industry, wholesale dealers, operators of Health Food shops and neuform must continue to work together. The splitting of individual dealers through the branding of corporate images as has been observed in the past is therefore largely counter-productive. On the contrary, they should count on the trademark Health Food Shops – and jointly reap the fruit of success.

Short profile of Dr. Wieselhuber & Partner

Dr. Wieselhuber & Partner (W&P) is an independent, cross-sectoral top management consultancy for family businesses as well as public institutions. Through this consistent target group orientation and the resulting competence, W&P became the leading management consultancy for family businesses and the public sector in Germany over the past 20 years. With offices in Munich, Düsseldorf and Hamburg, Dr. Wieselhuber & Partner offers his customers an extensive expertise in various sectors and methods and is mainly characterised by its competence in the interplay between family, management and company.

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