Market Overview

According to the chairman of the Vietnam Association of Functional Foods, the health supplement sector is one of the fastest growing food sectors over the past decade, with an average annual growth rate of 25%. In 2012 total market value was equivalent to $526 million (accounts for nearly 10% of the ASEAN market).

International manufacturers continue to dominate the market. Foreign brands tend to be positioned in the premium segment to attract mid-high end consumers, while local brands generally concentrate on the mass market. In addition, foreign players are also more active in non-herbal/traditional products, while local players are more prominent in herbal/traditional dietary supplements. Imported products account for 40% of the market share.

The most popular official retail channels are direct selling and chemists, pharmacies, healthcare & beauty care retail shops and foreign product specialty stores.

Herbal and traditional supplements products account for more than 70% of the market (top selling product is gingseng). The main areas of health concern are eye health, digestive health, heart health, mental health, women's health and children's health.

Distribution channels per market value (2012)

- Direct selling / marketing: 55%
- Pharmacies / chemists / drug stores: 35%
- Specialty stores / others: 10%

Market drivers

The demand for health supplement products in Vietnam is increasing as a result of the following factors:

- Improvement of health awareness and living standards and increasing disposable income among Vietnamese consumers. Vietnam is a middle-income country (GDP per capita $1,800) and has been cited as having the fastest growing middle class in the Southeast Asian region and this is expected to rise from 12 million in 2012 to 33 million in 2020.

- Self-medication practice adopted by Vietnamese consumers. This practice is favoured due to the lax management of over-the-counter medication, increasing costs of healthcare services and inadequate clinics / hospital system.

- Compelling demographic conditions of Vietnam. The country has a large and young population with an increasing rate of urbanisation (total population of 90 million people, of which 63 per cent are under 35, median age of 27)
Competitive environment

Established market players in the market are:

- Direct selling companies: Amway Vietnam Ltd (11% market share in 2012), Tiens Vietnam, Herbalife, Unicity Vietnam, Synergy, Aloe Trading
- Pharmacies / healthcare & beauty care retail chains: The Guardian (Dairy Farm Group), Medicare
- Foreign product specialty stores: GNC stores
- Australian health supplement products being distributed in Vietnam: Lanopearl Australia (Rebirth, Lifespring, Mt Retour Organic), Body & Health Essentials (health supplementary products & skincare), Nature’s way, Costar, Careline Australia, UAS

The presence of fortified/functional food and drinks does not pose a potential threat to the development of dietary supplements as Vietnamese consumers do not treat fortified/functional food and drinks as substitutes for dietary supplements.

Law requirements for complementary health products

Under Vietnamese law, functional food products are regulated under foods category, and the importation & registration process for food products are quite simple. Further product testing / clinical trial / analysis are not required as long as the imported products satisfied the published standards of hygiene and food safety required by Vietnamese law. However the registration process for drugs / medicines is more complex and time-consuming.

There are 3 law documents relating to the importation & registration requirements for functional food products in Vietnam: Circular 08-2004-TT-BYT – Management of Functional Foods, Decree 163-2004-ND-CP Ordinance on Food Hygiene & Safety, and Decree 38/2012/ND-CP detailing the implementation of a number of articles of the law on food safety. Key points to note are as follows:

A. According to Circular No. 08/2004/T-T-BYT issued by Ministry of Health of Vietnam, Functional foods are defined as:
   1. Functional foods are the foods used to support the function of the organs in the human body, with nutritive effect for the body's ease, increasing resistance and reducing the risk of illness.
   2. Functional foods, depending on the utility, micronutrient contents, and manuals, also with other names as follows:
      a. Food of Micronutrient Supplementation;
      b. Food of Supplements;
      c. Food for Health Protection;
      d. Food of Medical Nutrition

   The circular also states that functional food products must be published standards of hygiene and food safety at the Department of Safety and Food Hygiene - Ministry of Health in accordance with the law provisions on food before circulation on the market.

B. Decree 163/2004/ND-CP issued by the Vietnamese government lists the requirements for importing foods including functional food products into Vietnam. Please refer to Article 6, 9, 18 & 19 for further details.

- Article 6 states the requirements for hygiene & safety standards of imported food products
- Article 9 states the requirements for food products registration before the goods arrive at the border gate.
- Article 18 - clause 3 states the requirements for a publication dossier for functional food products.
- Article 19 states the procedures for receiving publication dossiers
C. Checklist for Food Safety conformity requirements - For functional food and food fortified with micronutrients imported, dossier comprises (as detailed in Decree 38/2012/ND-CP)

Registration process for complementary health products

Registration dossiers to be submitted to The Department of Safety and Food Hygiene - Ministry of Health

A. Timeframe of registration process – for functional foods

- Normal timeframe for registration process is within 3-4 weeks upon application
- Validity of publication certificate: 3 years
- Issue Authority: The Department of Safety and Food Hygiene - Ministry of Health

B. Checklist for Food Safety conformity requirements - For functional food and food fortified with micronutrients imported, dossier comprises (as detailed in Decree 38/2012/ND-CP)

1. A written publication of conformity with food safety regulations, as prescribed in Form No.02 enclosed with this Decree;
2. A detailed product information, as prescribed in Form No.03b issued together with this Decree (with joint-pages stamp of the organization or individual);
3. A certificate for free circulation or health certificate or equivalent certificate issued by competent state authorities of the countries of origin which shows the contents of safe products for the consumer health and in accordance with food law (original or notarized copy or consular legalized);
4. The product testing results within 12 months, including the criteria of major quality, safety criteria granted by the following entities: the laboratories appointed by competent state agencies or the independent laboratories to be accredited (original or notarized copy); or the laboratories of the origin countries recognized by the competent agencies in Vietnam (original or certified copy or consular legalized);
5. A periodic monitoring plan (certified by organization and individual);
6. The product label for circulation in the country of origin and auxiliary label in Vietnamese (certified by organizations and individuals);
7. Samples of complete products to compare when filing dossier;
8. A business registration certificate with the food business line or legal entity certificate for organization and individual importing food (copy certified by the organization or individual);
9. A certificate of eligibility of food safety for the importing facilities subject to grant of certificates of eligibility of the food safety according to regulations (copy certified by the organization or individual);
10. A certificate of conformity with standards of HACCP or ISO 22000 or equivalent in the case the producing organizations and individuals have a quality management system certified as complying with standards of HACCP or ISO 22000 or equivalent (the notarized copy or copy with the original for comparison);

Links and industry contacts

- Department of Vietnam Customs – www.customs.gov.vn
- Ministry of Health – www.moh.gov.vn
- Vietnam Association of Functional Foods – www.vads.org.vn - the official trade association governing dietary supplements in the country. This association typically helps its member companies regarding legislation,
knowledge, and expertise matters. It sometimes launches events and seminars to educate members about standards and regulations of foreign markets in order to increase their reputation as well as to strengthen their positions.

Source

- ASEAN Alliance of Health Supplements Associations (AAHSA)
- Vietnam Association of Functional Foods (VAFF)