

# Inside the Bottle Summit 2021: NBJ State of Supplements

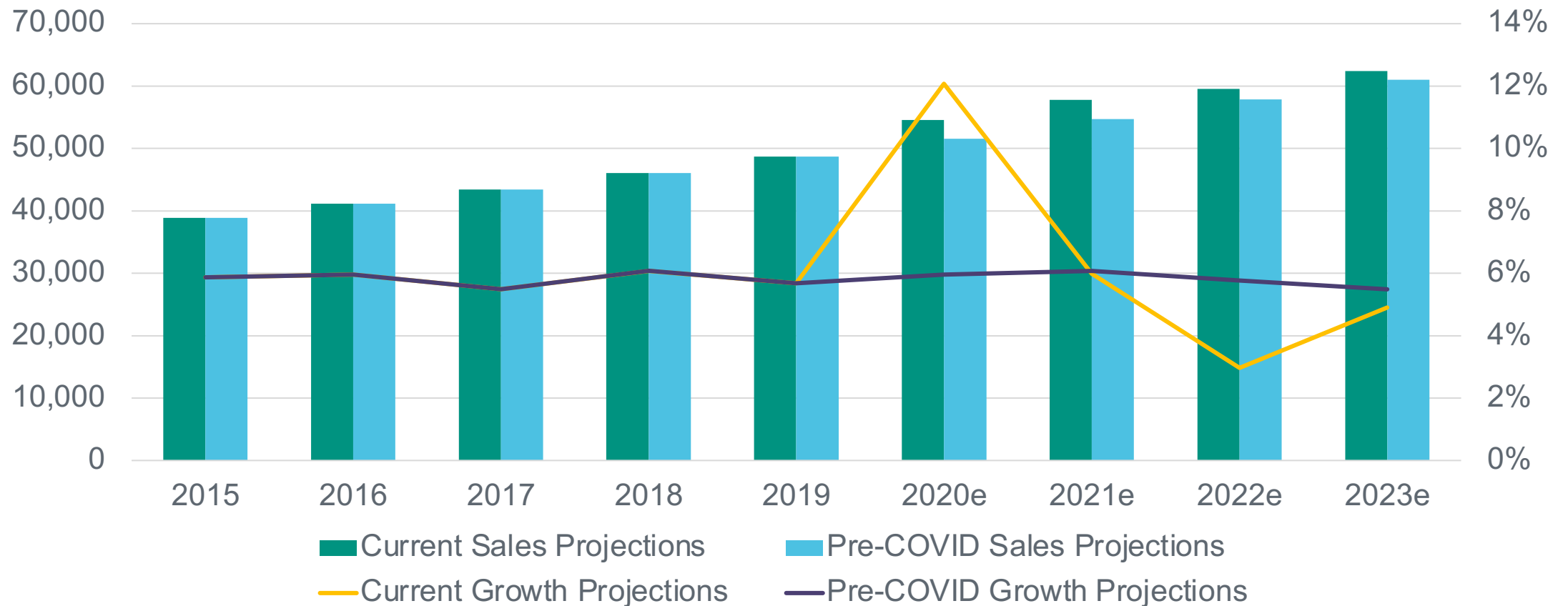
*January 25<sup>th</sup>, 2021*

Claire Morton Reynolds  
Senior Industry Analyst  
*Nutrition Business Journal*  
[cmorton@newhope.com](mailto:cmorton@newhope.com)



What are the key questions  
facing the industry?

# Supplements projected to be \$1.4B larger in 2023 than pre-COVID est.

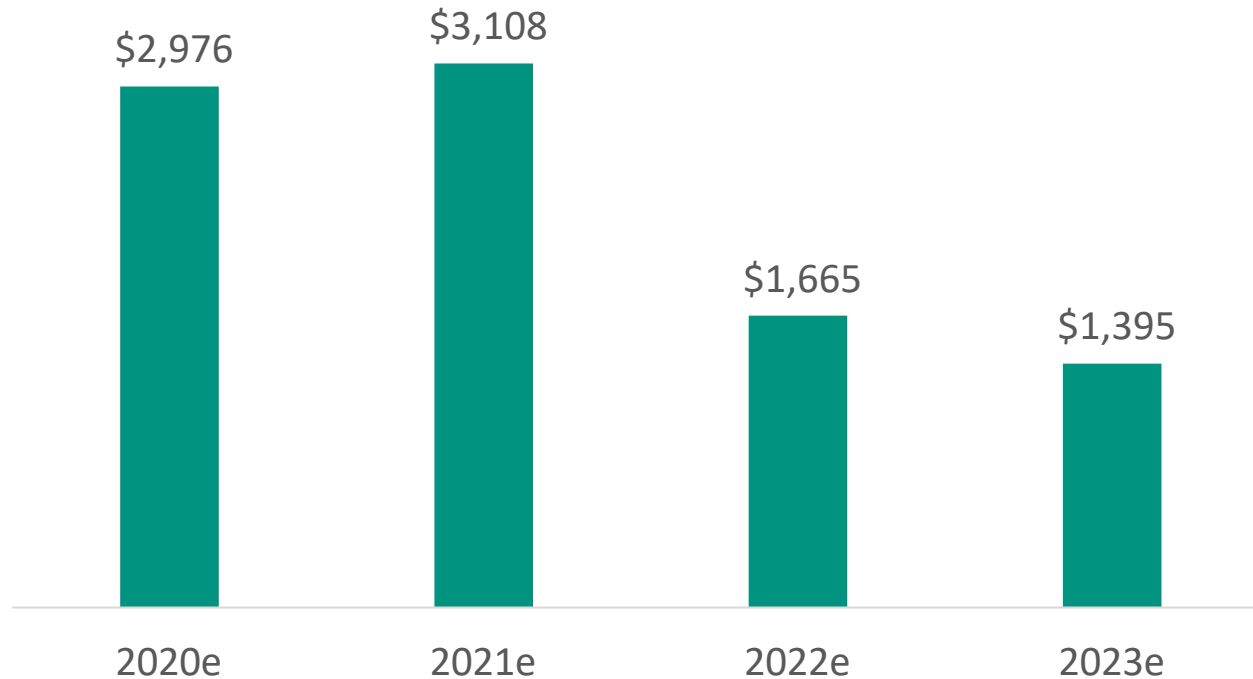


Source: Nutrition Business Journal (\$mil, consumer sales)



# Supplements projected to be \$1.4B larger in 2023 than pre-COVID est.

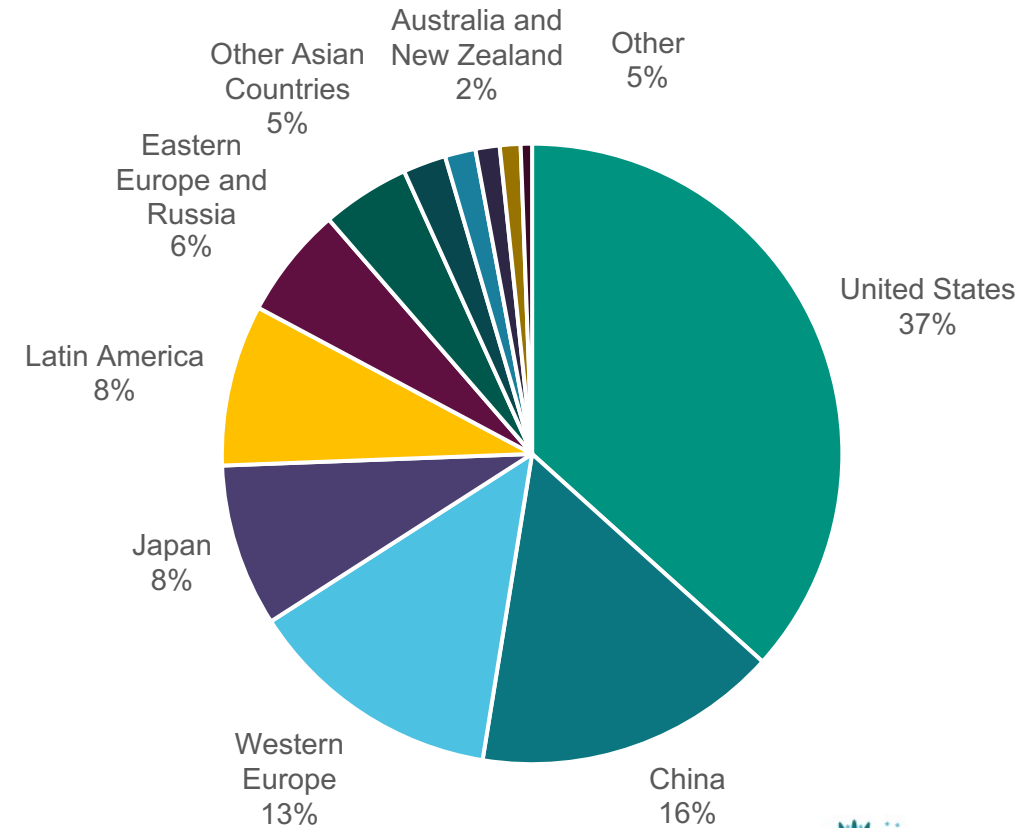
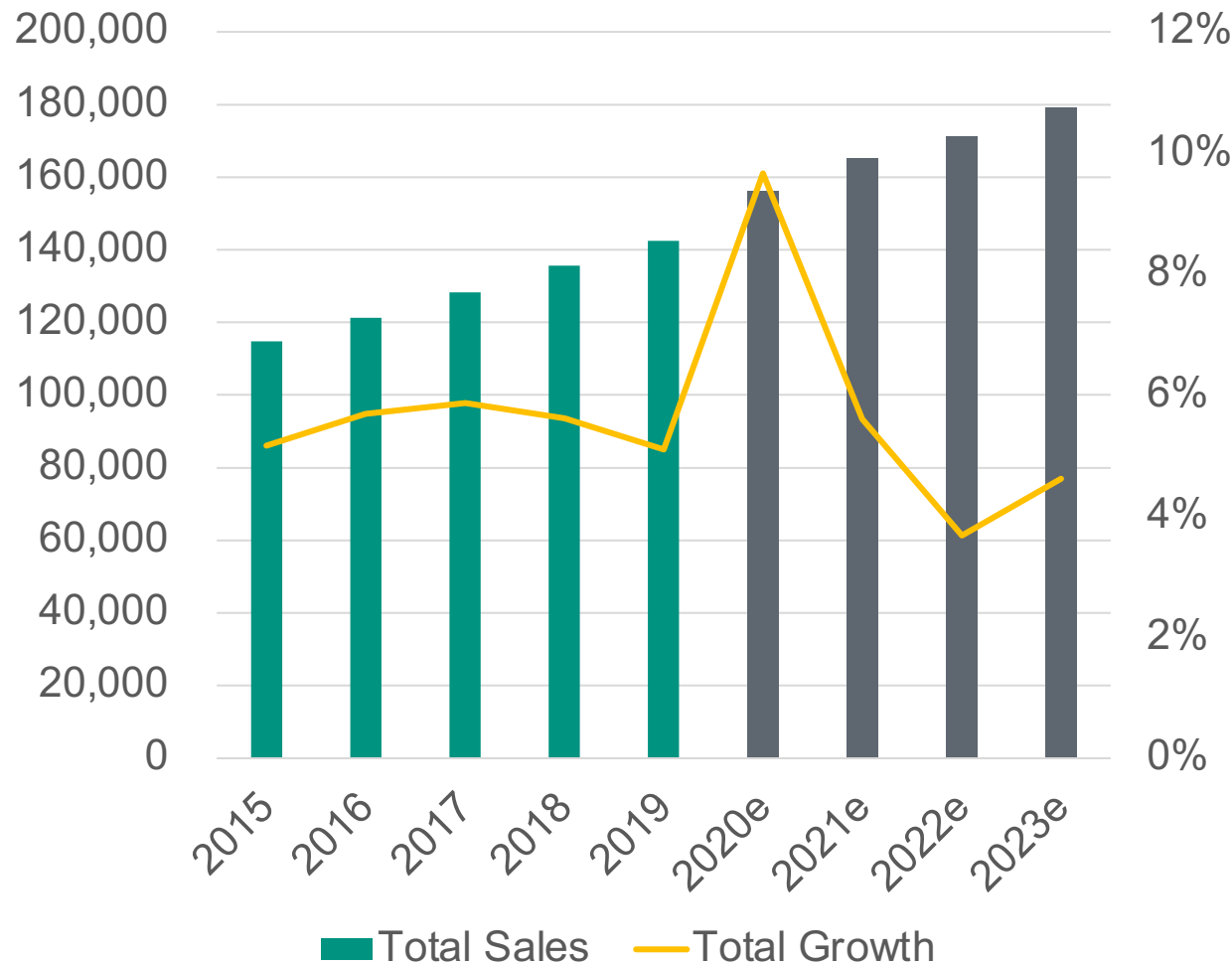
Current projection lift in added dollars over pre-COVID projections



- Multivitamins +\$1.1B
- Combination herb formulas +\$926m
- Vitamin C +\$235m
- Vitamin D +\$223m
- Pre/probiotics +\$220m



# Global supplement trend is similar: est. spike of 9.5% growth to \$156B



Source: Nutrition Business Journal (\$mil, consumer sales)



# Supplement Sales Trends in the U.S. Market



Accelerated shift  
in retail channels

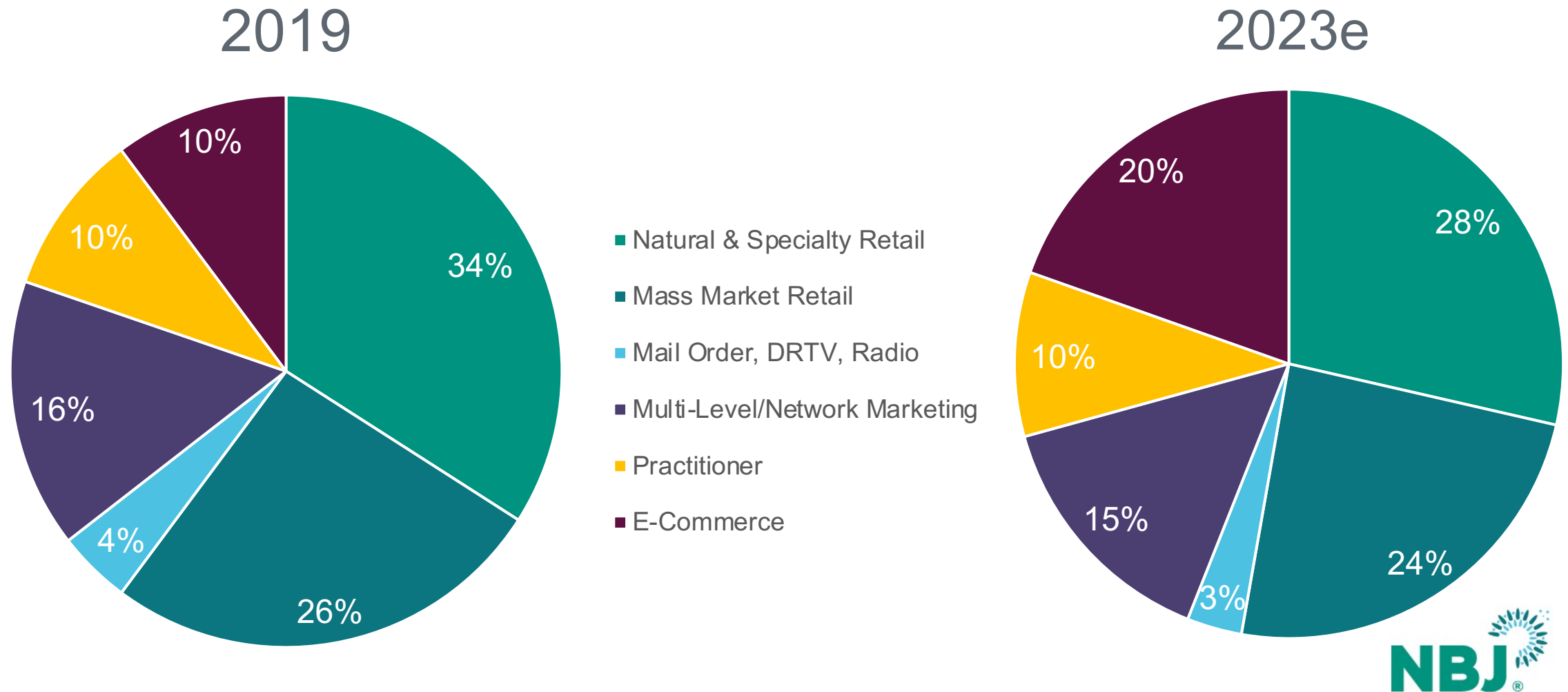


Growth in immunity  
and related conditions



Personalized nutrition

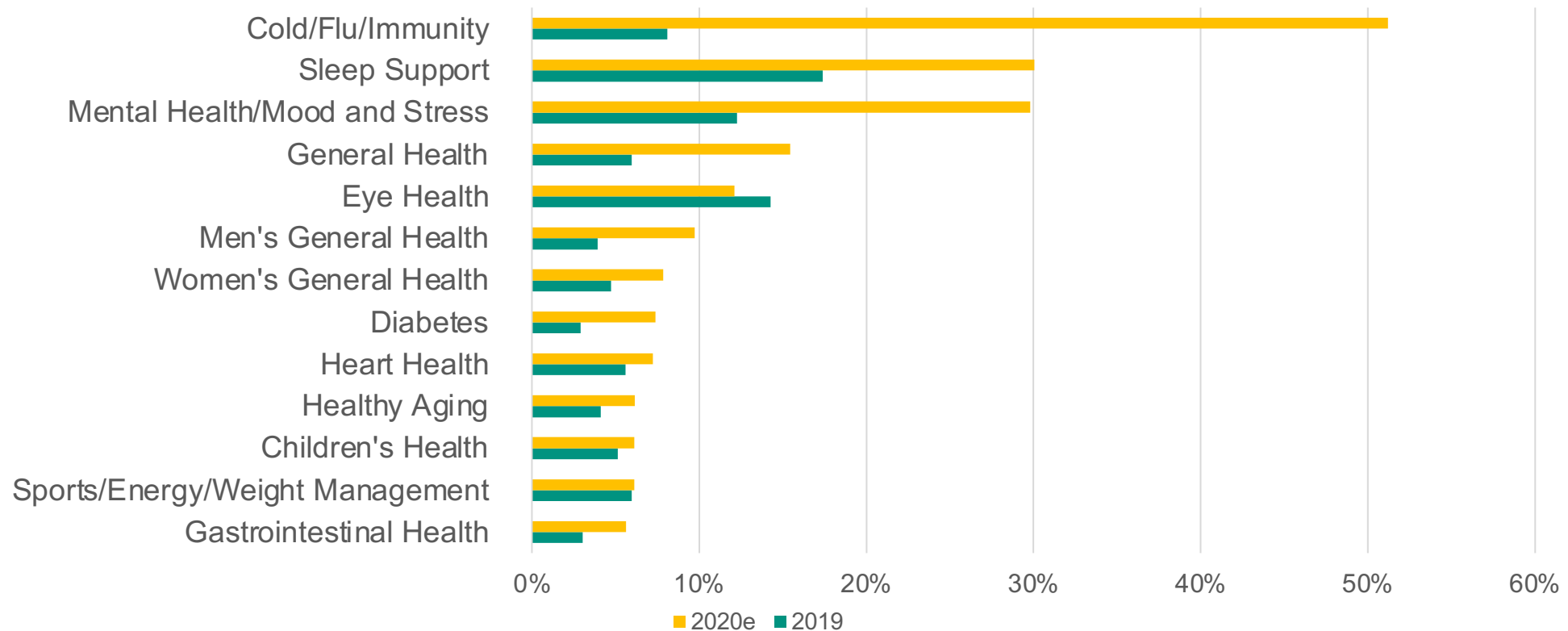
# E-commerce supplement sales projected to double between 2019 and 2023



Source: *Nutrition Business Journal* (\$mil, consumer sales)

# Growth rates by condition have shifted dramatically from 2019 to 2020

Supplement growth by condition, 2020e

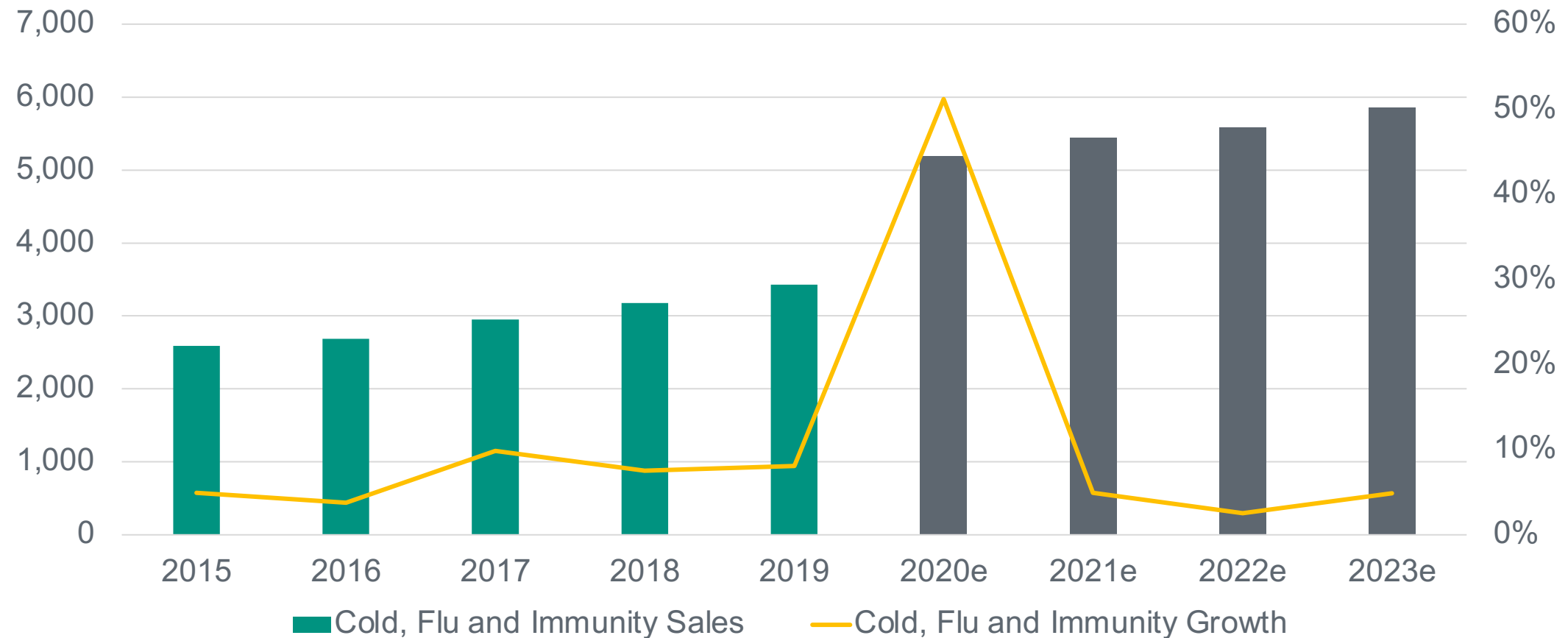


Source: *Nutrition Business Journal* (\$mil, consumer sales)



# Cold, flu and immunity sales now est. \$5B

Sales to grow est. 52.2% to \$5.2B in 2020

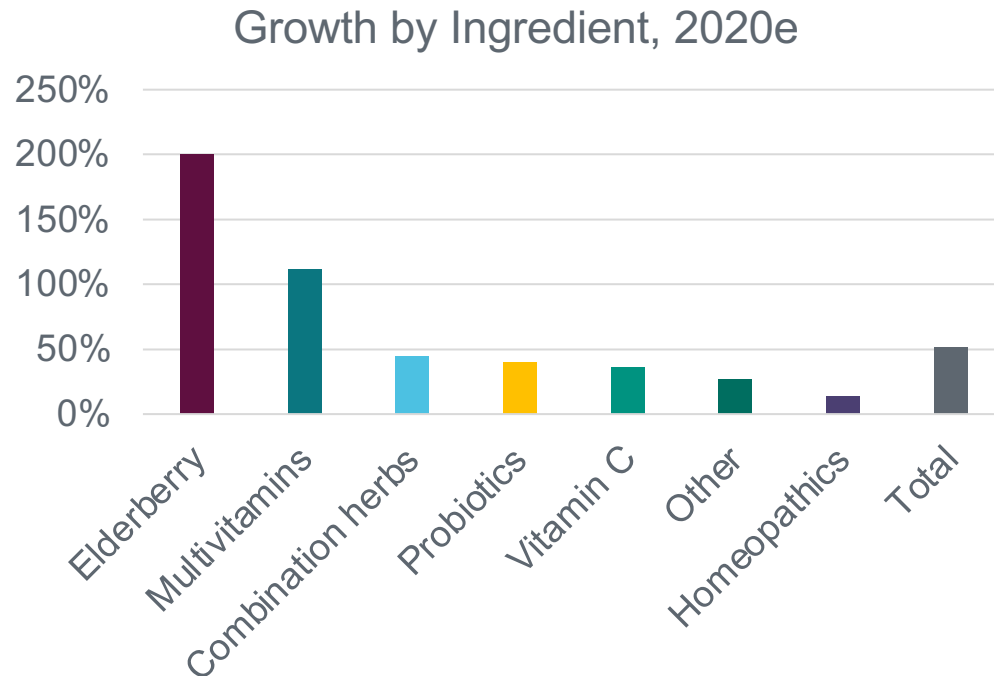


Source: Nutrition Business Journal (\$mil, consumer sales)

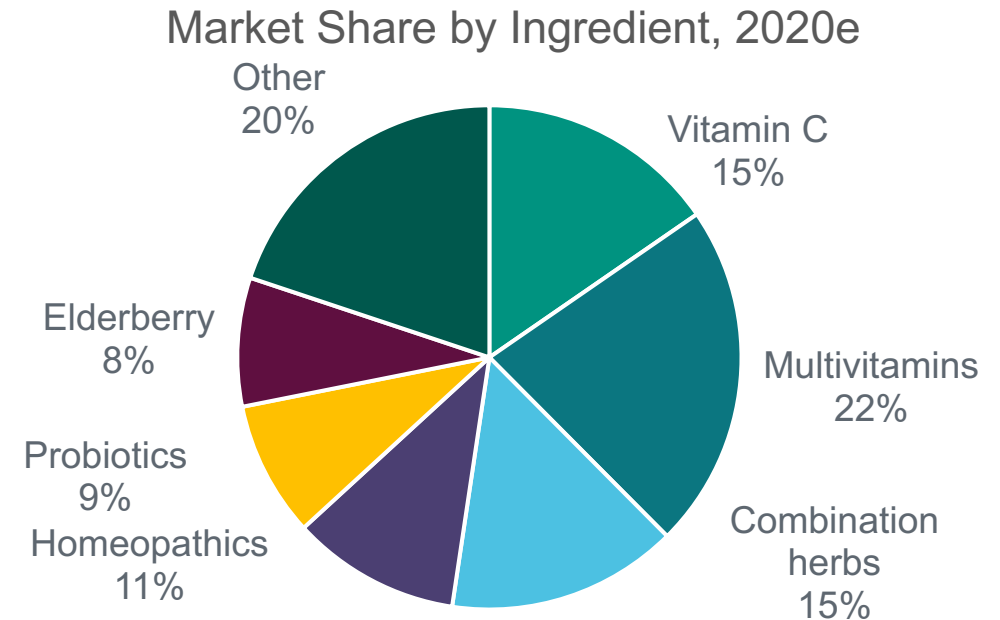


# Cold, flu and immunity sales now est. \$5B

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Source: *Nutrition Business Journal* (consumer sales)



## Top growth ingredients in 2021 and beyond

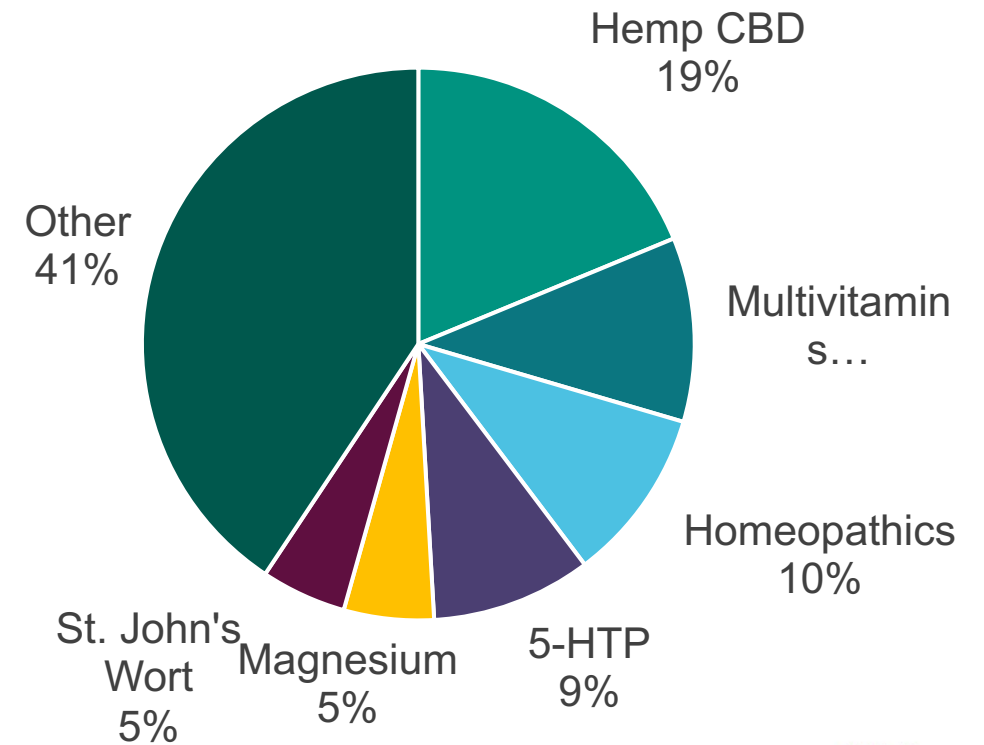
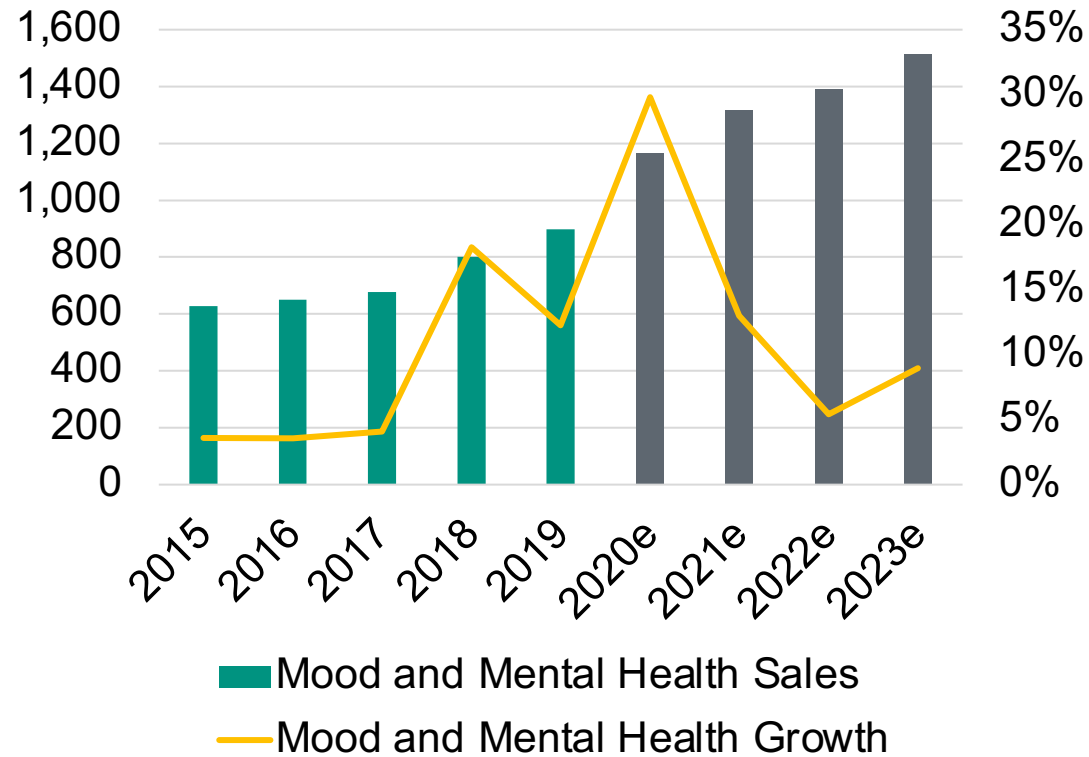
- Pre- and probiotics
- Mushrooms
- Elderberry, Cranberry, Blueberry
- Vitamin D

Source: *Nutrition Business Journal* (\$mil, consumer sales)



# Mood and mental health supplements grow est. 30% in 2020

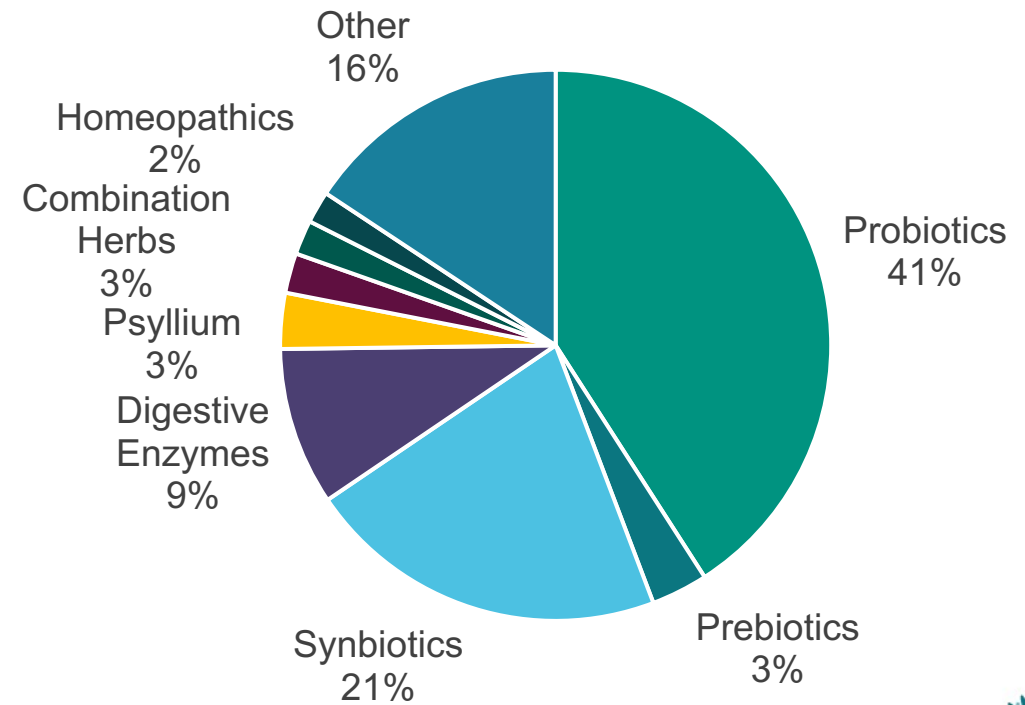
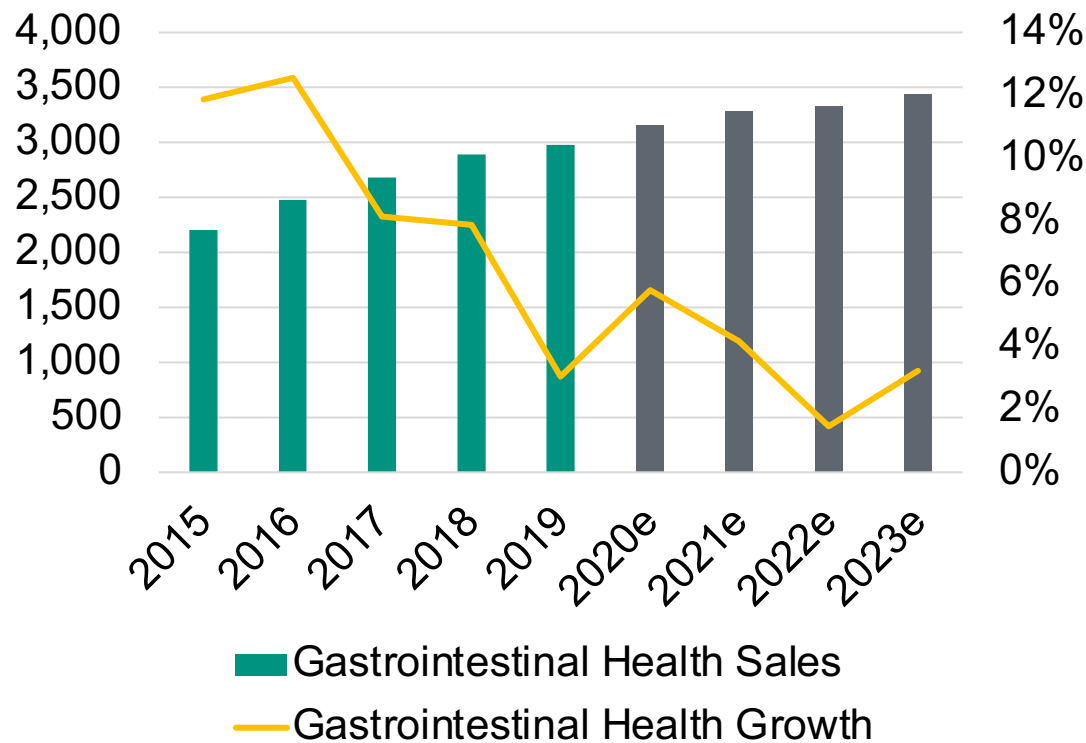
Mood/mental health supplement sales and growth, 2015-2023e





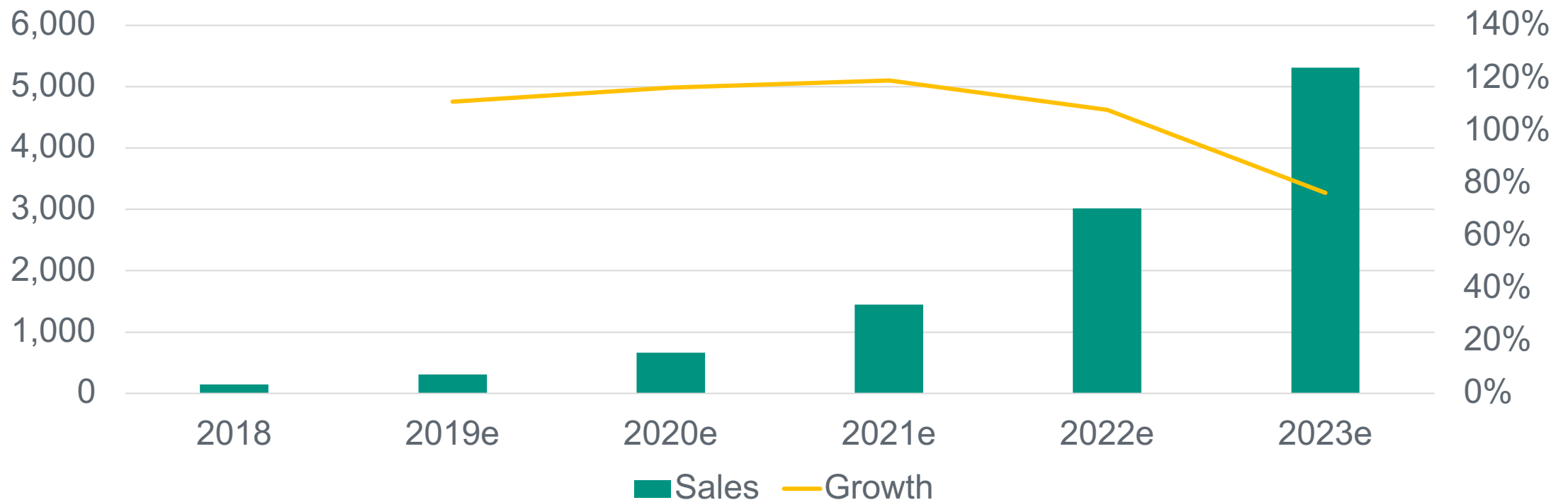
# Digestive health supplement sales growth dips overall from 2015 to 2020

Gut health supplement sales and growth, 2015-2023e



# Personalized nutrition represents more opportunity now than ever

U.S. Personalized Nutrition Supplement Sales grew est. 110% to \$306M in 2019



What does this mean for  
the next 3 years in the  
industry?

# Evaluating Possible Scenarios

4 Scenarios defined by Public-Health and Economic dimensions:

Rapid and effective control of virus spread

Scenario 3

Scenario 4

Financial Risk

Low

High

Broad failure of public-health interventions

Scenario 1

Scenario 2

Ineffective Interventions: large scale, persistent economic impact

Effective interventions: minimized economic impact, strong recovery

Health Risk  
High  
Low

The 4 scenarios below were developed by creating a hybrid of independent scenarios developed by McKinsey & Company and the Center for Infectious Disease Research and Policy that have been adapted for consumer relevance.

[https://www.cidrap.umn.edu/sites/default/files/public/downloads/cidrap-covid19-viewpoint-part1\\_0.pdf](https://www.cidrap.umn.edu/sites/default/files/public/downloads/cidrap-covid19-viewpoint-part1_0.pdf)

<https://www.mckinsey.com/business-functions/risk/our-insights/covid-19-implications-for-business#>



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# Post pandemic projections should assume strong supplement usage

## Vaccine Scenario:

An effective COVID-19 vaccine becomes available and is mass-produced and widely distributed within the United States sometime in the next 6 to 12 months.

	Vaccine	Scenario 1	Scenario 4
Increase	21%	29%	20%
No Change	78%	66%	78%
Decrease	2%	5%	2%

Note: We are using a stricter definition of increase or decrease use since we have asked consumers to project their future behavior. Increase use = Increase considerably + moderately. No change = Increase a little + No change + Decrease a little. Decrease use = Decrease considerably + moderately.

Source: NBJ and New Hope Network NEXT Data and Insights survey of n~1,000 collected week of July 6, 2020, using a convenience sample of U.S. adult consumers weighted to census target on age, income, and gender.



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# THANK YOU!

Claire Morton Reynolds  
[cmorton@newhope.com](mailto:cmorton@newhope.com)





# State of Supplements: A view from retail

**Christine Kapperman**

Senior Content Director

New Hope Network |  
Informa Health and Nutrition

[ckapperman@newhope.com](mailto:ckapperman@newhope.com)

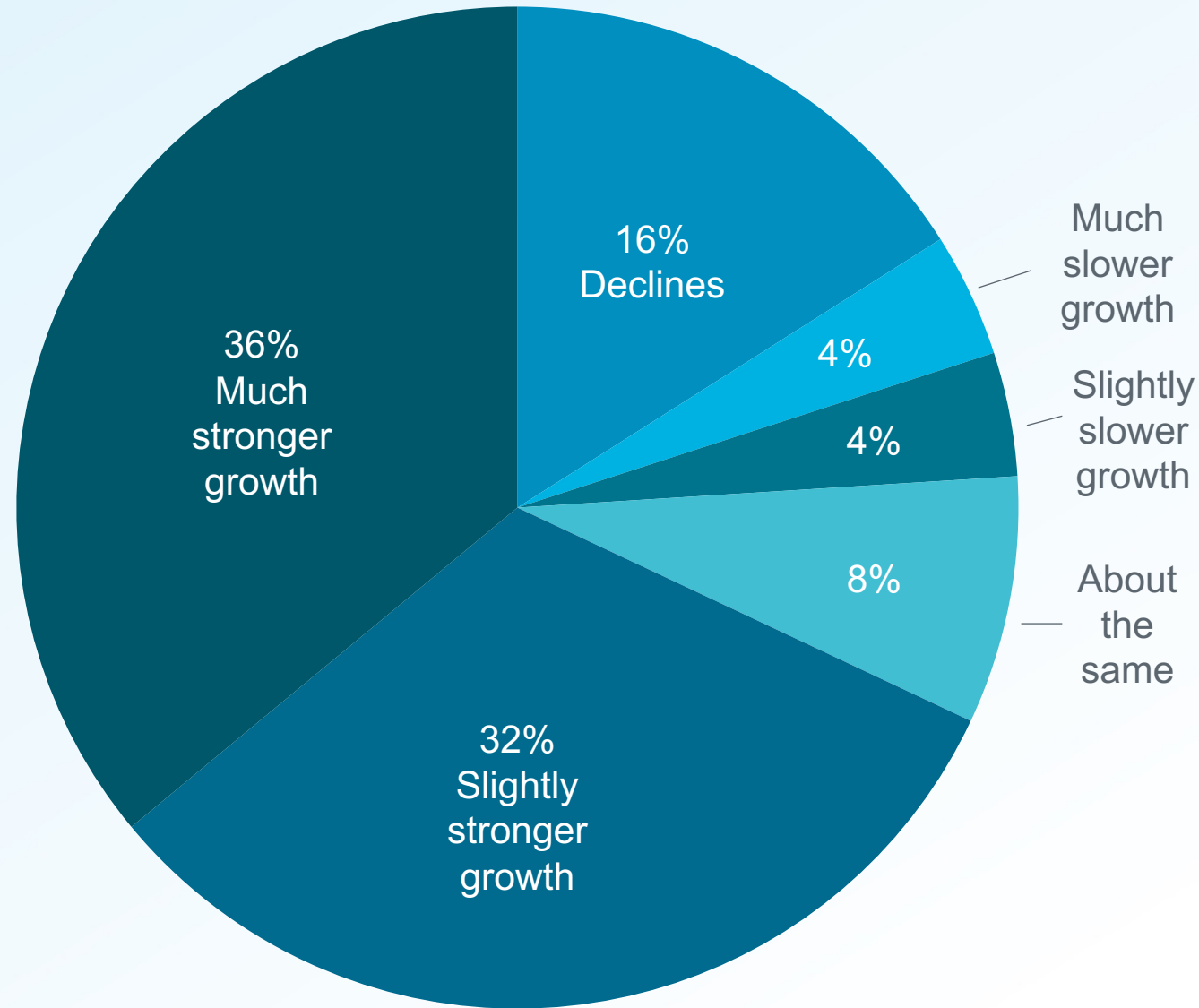
[@christineksees](https://twitter.com/christineksees)



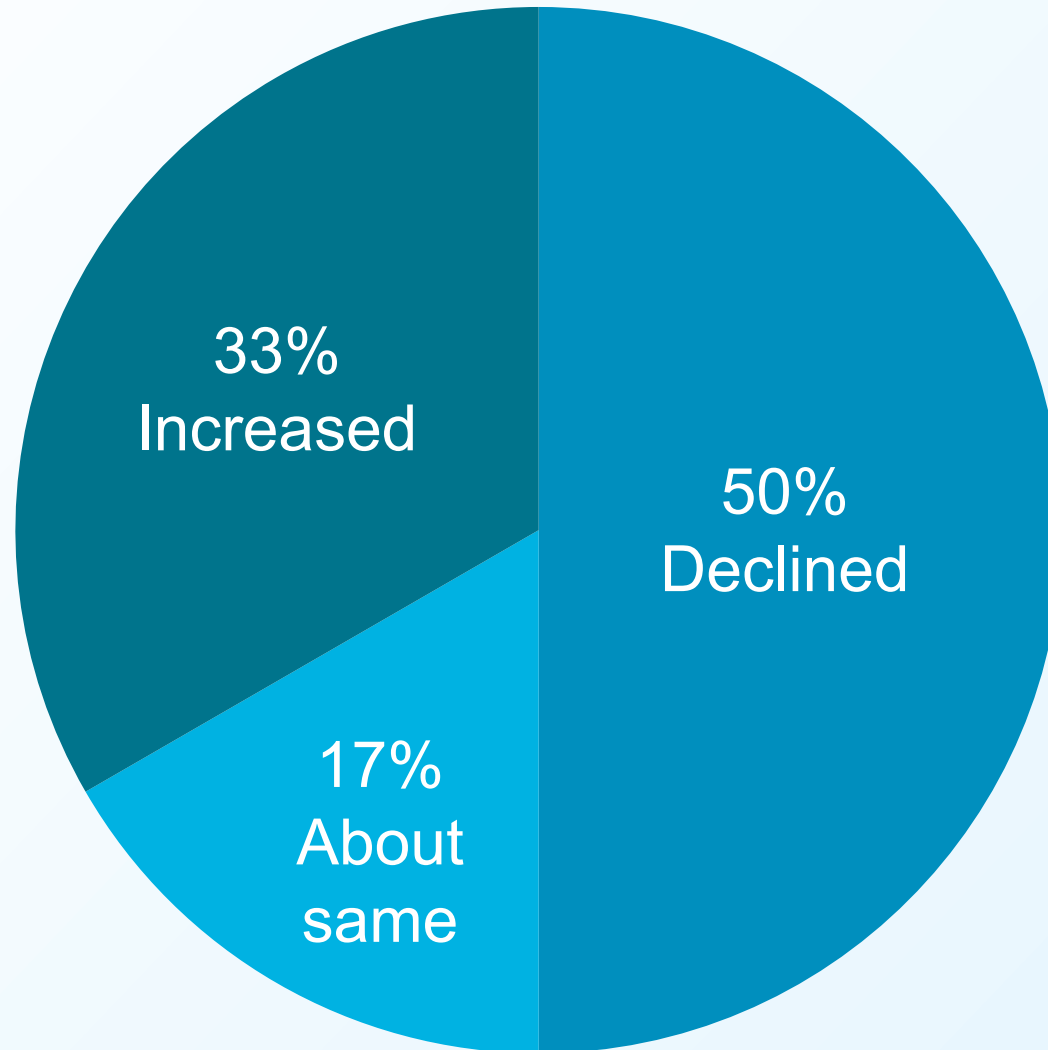
It has been a year of having to serpentine your way through things. From being mask police to dealing with irate customers to dealing with out-of-stock issues and slooooow delivery times. But would not want to be in any other industry.



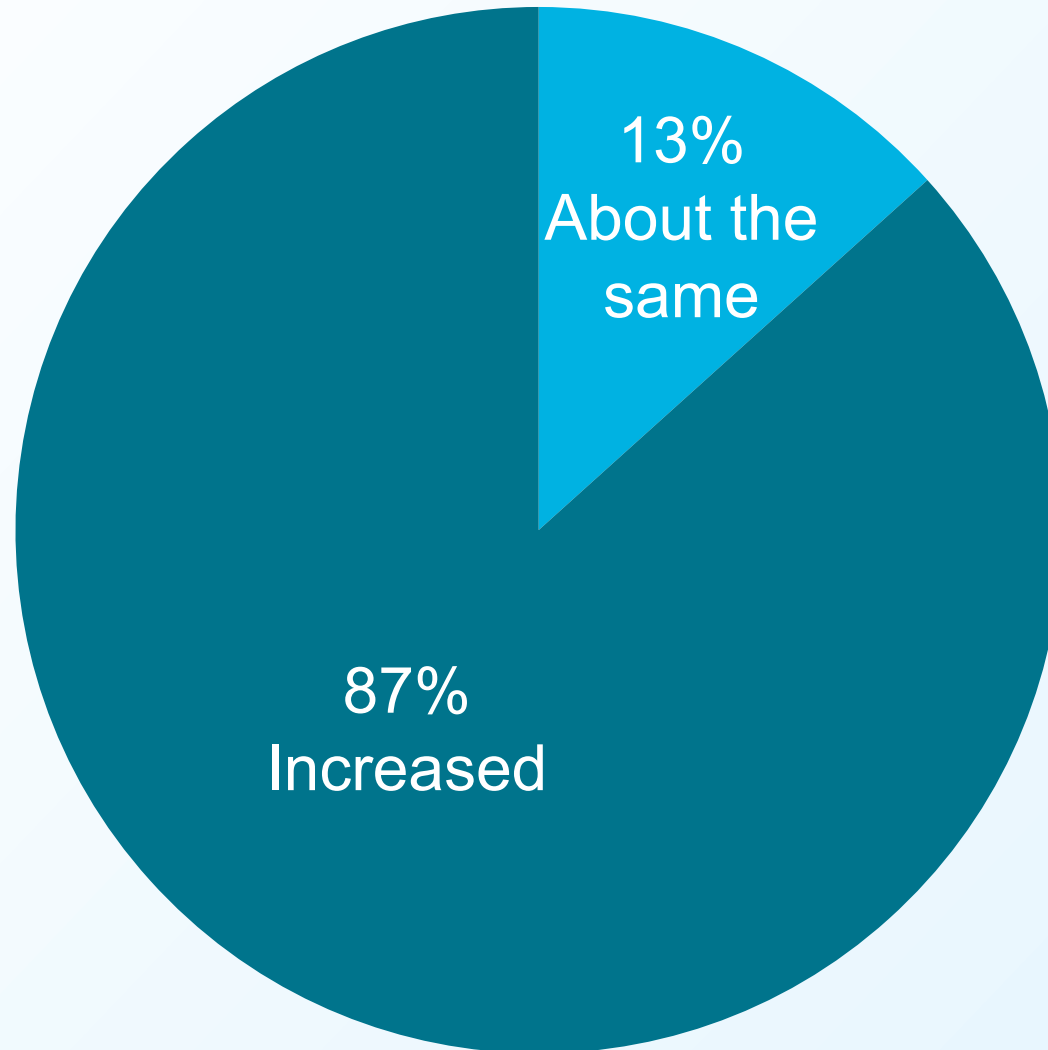
# Expected revenue growth 2019 to 2020



# Customer volume compared to 2019



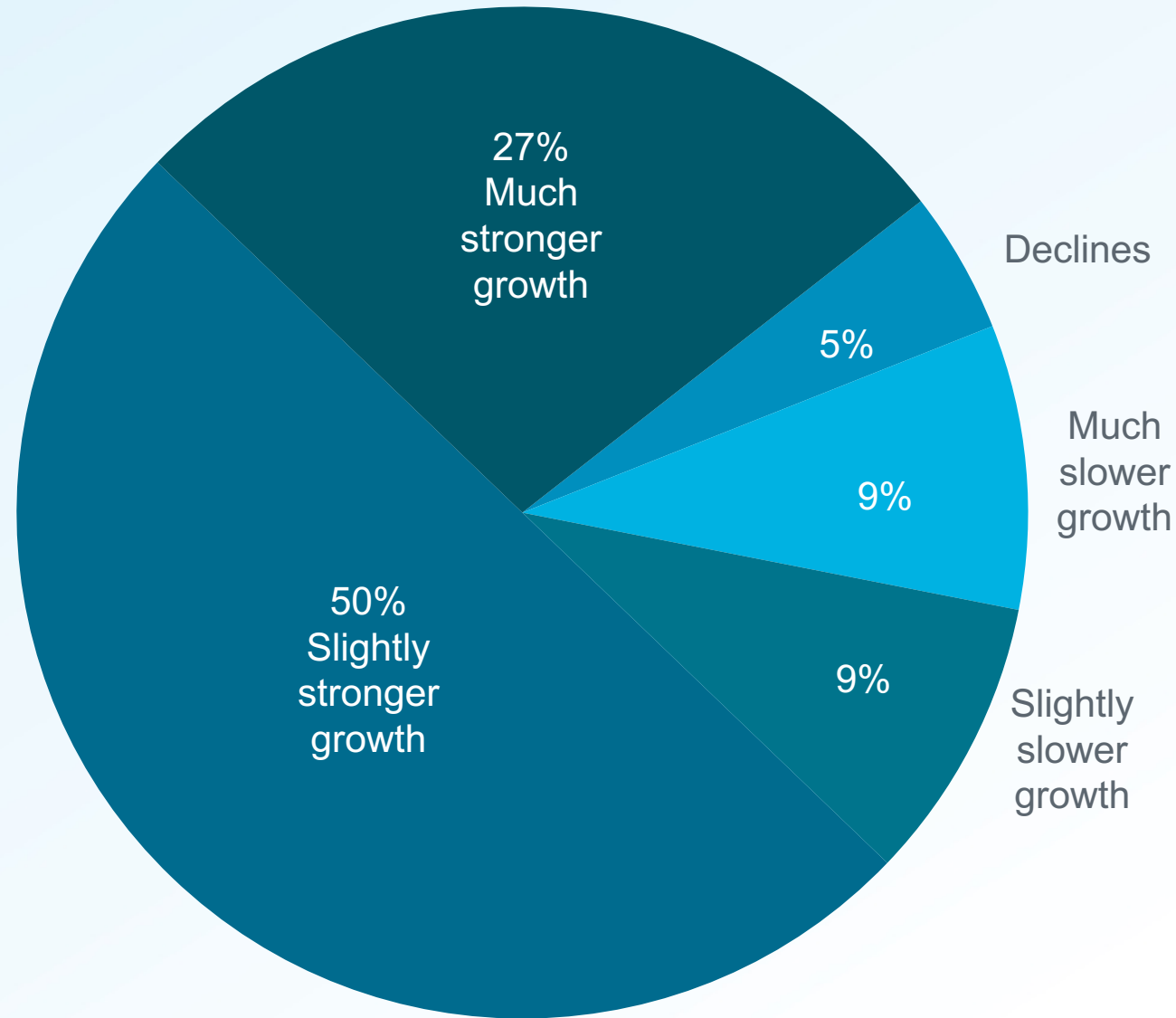
# Average basket compared to 2019



COVID-19 shopping changes and massive out-of-stock increases from suppliers/distributors make it difficult to discern repeatable patterns for future use.



# Expected revenue 2021 compared to 2020



# Growing, falling, flat



Total  
Independents



Natural Product  
Stores



Health Food  
Stores



Supplement  
Stores

**Growing**

**62%**

**68%**

**55%**

**59%**

Falling

23%

19%

28%

27%

Flat

15%

13%

17%

14%

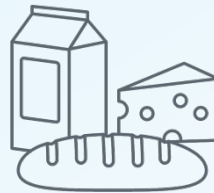
# Independent growth in 2019

Net sales  
change



Total  
Independents

**3.1%**



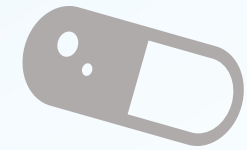
Natural Product  
Stores

**3.2%**



Health Food  
Stores

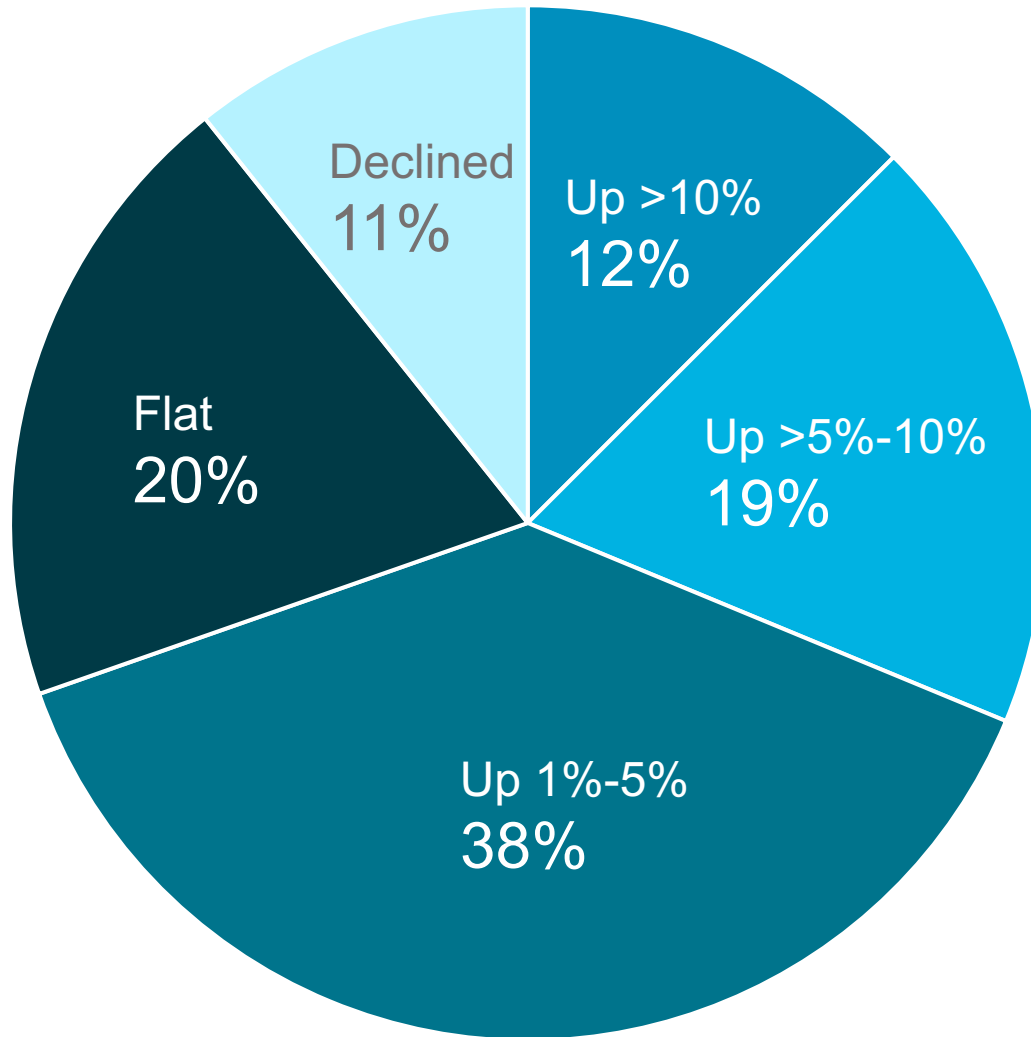
**2.2%**



Supplement  
Stores



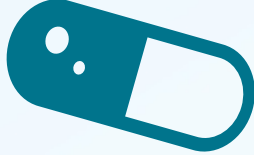

**2.6%**

# How supplements grew in 2019

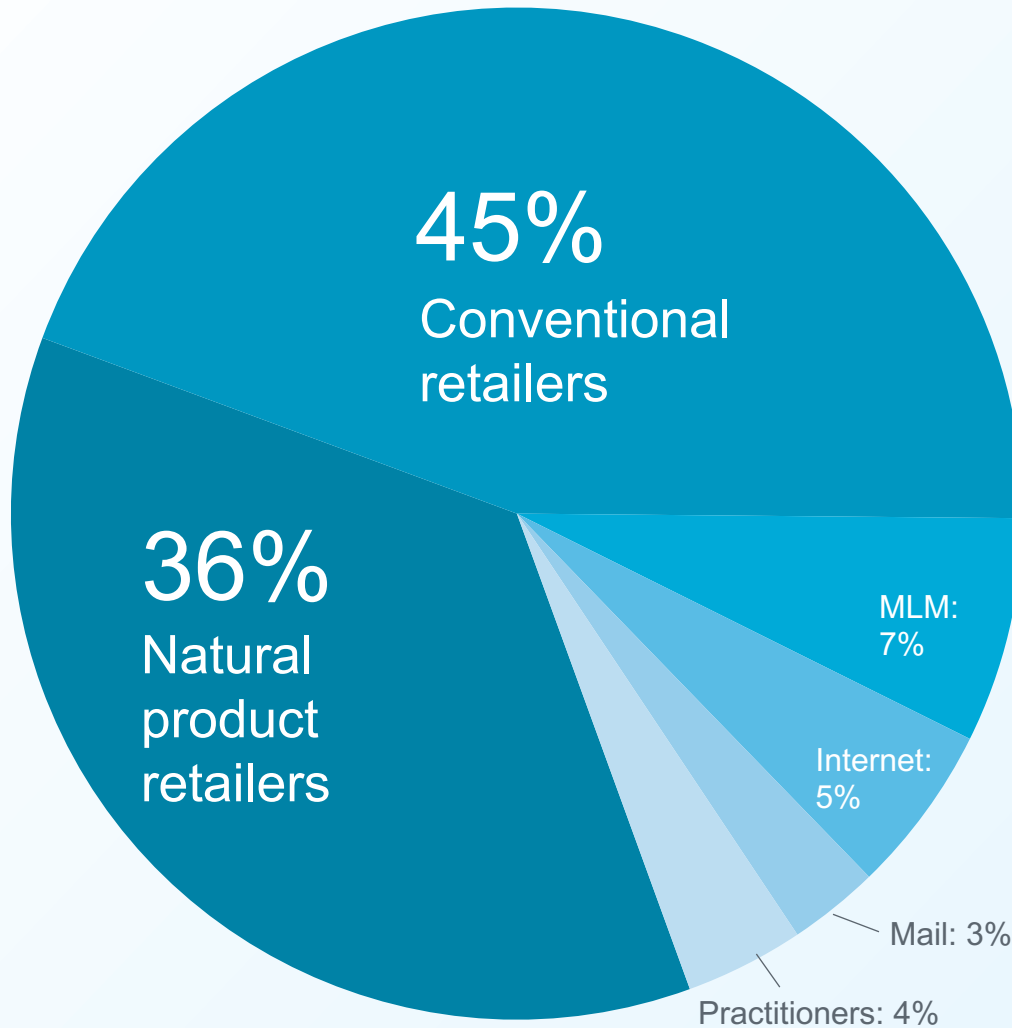




# 2019 growth rates

				
	Total N&O	Food	Supplements	Personal care
Natural	2.3%	2.7%	1.6%	2.1%
Conventional	5%	5%	3.7%	7.5%

# \$166 billion natural market in 2019



Will positivity remain?

Can gains be retained?



# Thank You

<http://bit.ly/MOV-charts>

Christine Kapperman

[ckapperman@newhope.com](mailto:ckapperman@newhope.com)

ChristineKSees on the socials







# Inside the Bottle

**Kick-Off Event: State of the Industry**

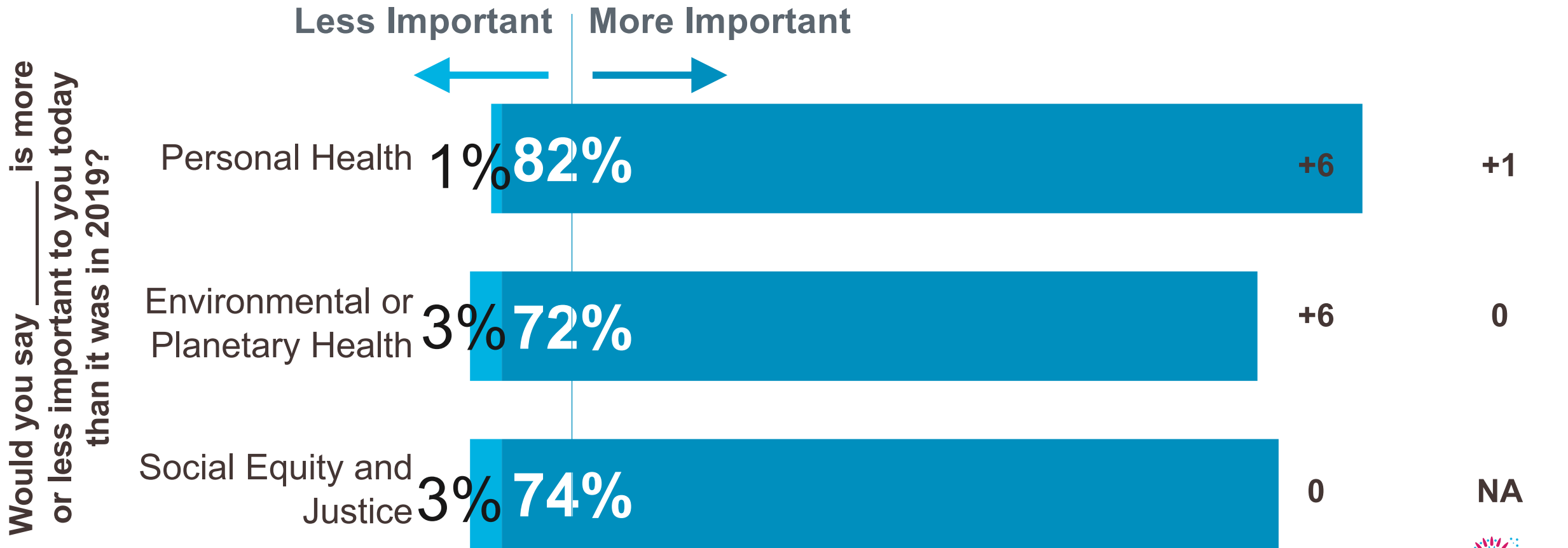
*January 2021*

**Tara Burkley** – Strategic Account Manager  
[tburkley@newhope.com](mailto:tburkley@newhope.com)

**Eric Pierce** – VP of Business Insights  
[epierce@newhope.com](mailto:epierce@newhope.com)



# During COVID-19 personal, social, and environmental health are more important to consumers



Source: New Hope Network NEXT Data and Insights survey of n~1,000 collected week of April 13, June 12, and Aug 2, 2020, using a convenience sample directionally representative of U.S. consumers ages 18-65.

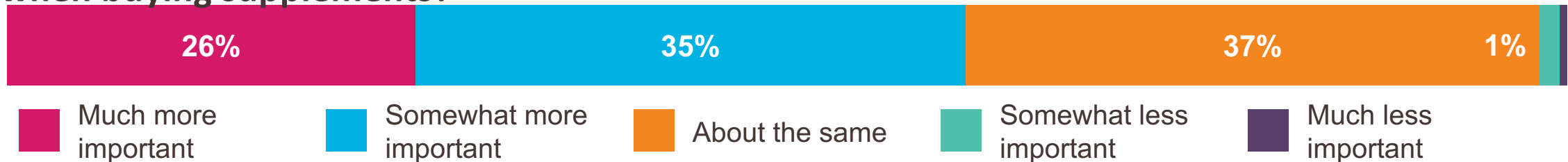


# Quality, Transparency, and Science are important to consumers

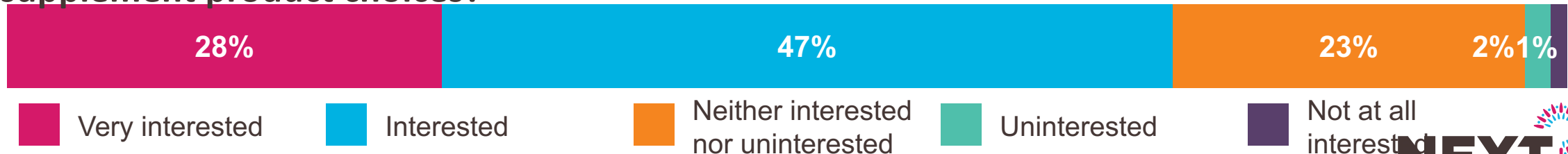
During the pandemic what do you focus more on when buying supplements: quality or cost savings?



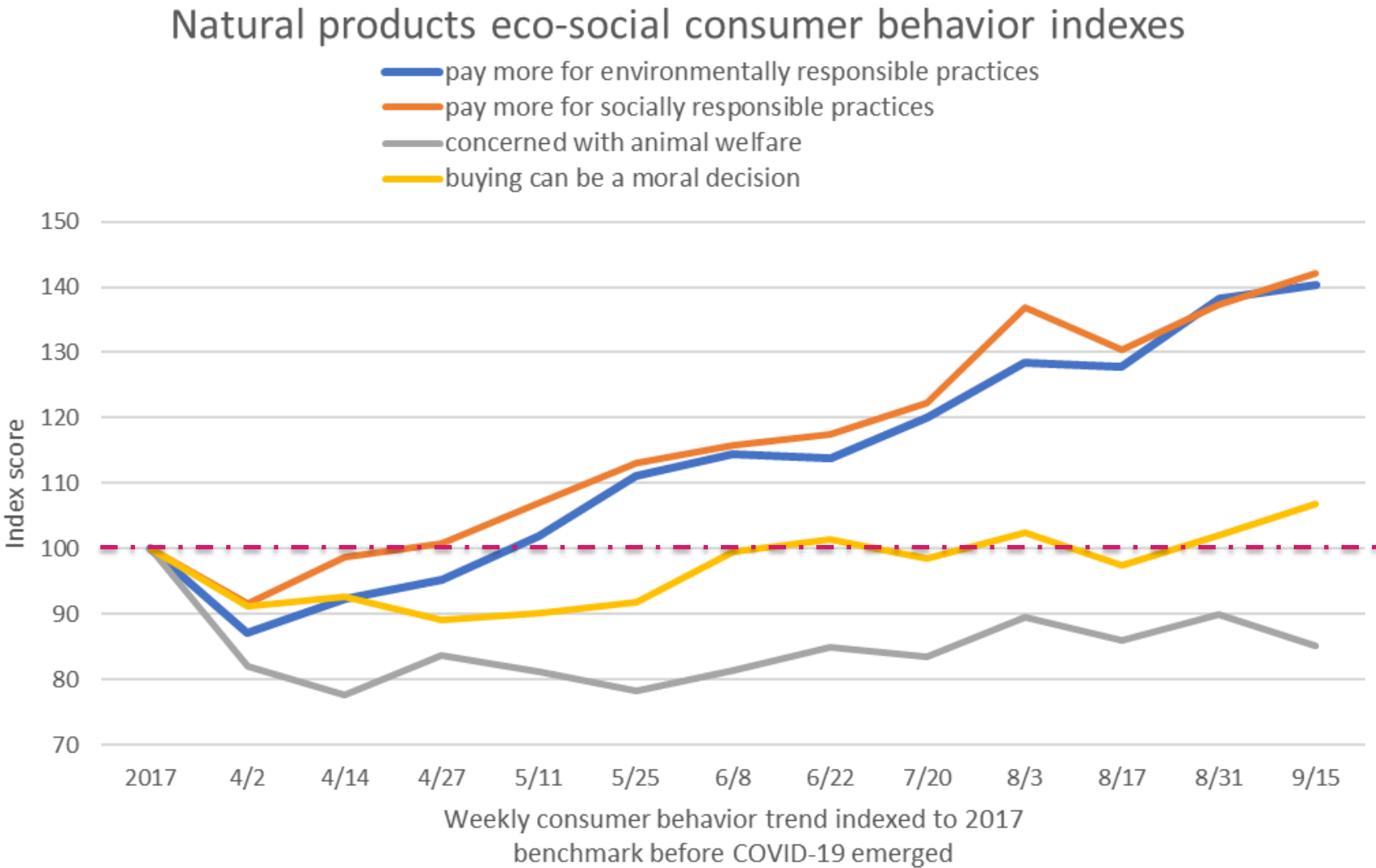
During the pandemic do you believe transparency of business practices are more or less important when buying supplements?



How much interest do you have in using scientific and clinical trial information when making supplement product choices?



# Consumers increasingly care about corporate character



Source: New Hope Network NEXT Data and Insights Industry Health Monitor



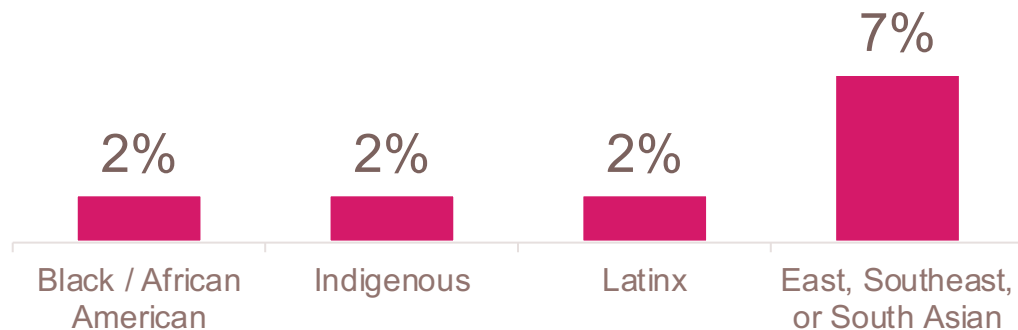
A close-up photograph of several green pea pods against a bright green background. The pods are slightly curved and show the yellowish-green seeds inside. The lighting is bright, creating a high-contrast, vibrant green scene.

**How are we doing in supporting Justice,  
Equity, Diversity, and Inclusion?**

# We can and need to do better

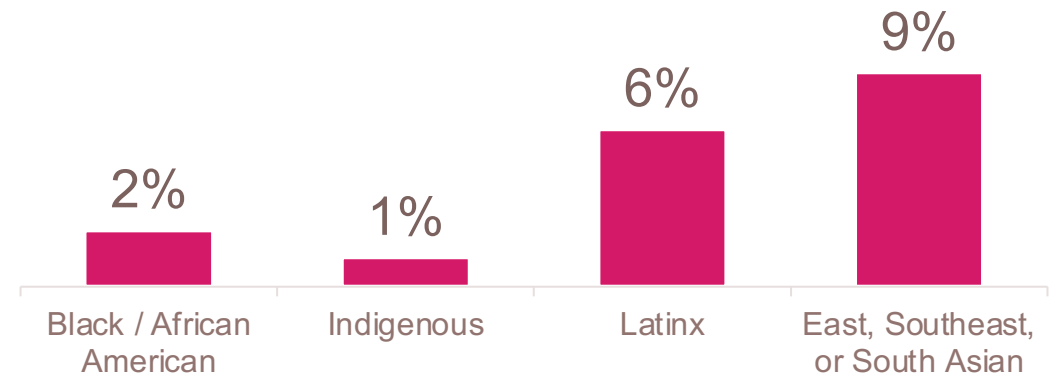
We are not doing enough to support minority owned and lead businesses or to ensure diverse voices are included in company leadership. This data in particular shows that POC are under represented on company boards and in leadership positions.

**Black, Latinx & Asian representation on industry boards**



% of board members  
n=124 company responses

**Black, Latinx & Asian representation on leadership teams**

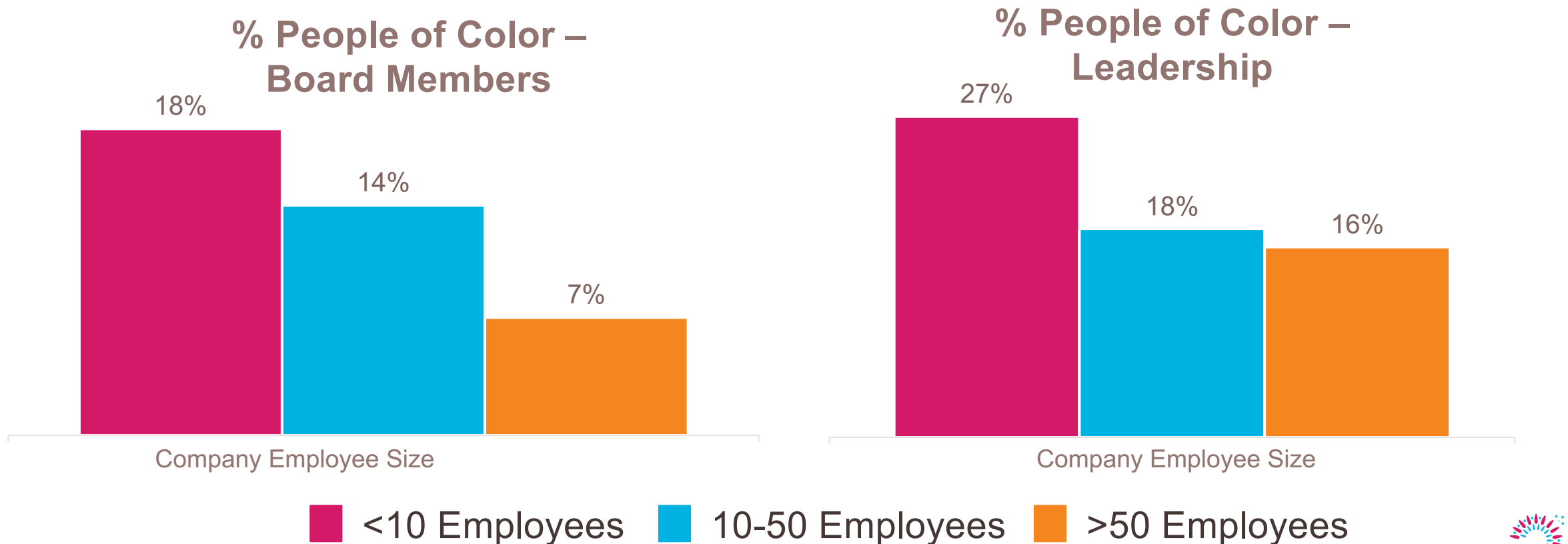


% of leadership members  
n=172 company responses

Source: JEDI Collaborative and New Hope Network Benchmarking Survey. Survey conducted Q4'19, N=220 Natural Products Industry leaders providing a view into approximately 1,000 leaders, 725 board members, 220 CEOs, and 210 founders.

# We need to better support growth

Maybe even more troubling is that it appears that we may not be supporting diversity as businesses grow. It appears that as companies grow POC representation falls. Maybe suggesting that resources, investment, networks and other things that support growing businesses are less available to minority owned and lead businesses.



Source: JEDI Collaborative and New Hope Network Benchmarking Survey. Survey conducted Q4'19, N=220 Natural Products Industry leaders providing a view into approximately 1,000 leaders, 725 board members, 220 CEOs, and 210 founders.



# Thank you!

**Tara Burkley**

Strategic Account Manager

[tburkley@newhope.com](mailto:tburkley@newhope.com)

**Eric Pierce**

VP of Business Insights

[epierce@newhope.com](mailto:epierce@newhope.com)

