VITAMINS & SUPPLEMENTS

2018 • TREND INSIGHT REPORT

With a rapidly increasing interest in personal health and wellness, more and more American consumers are incorporating vitamins and supplements as part of their diet. In fact, 63% of adults currently take a vitamin daily and 55% take a supplement daily. Consumers clearly believe in the benefits, but that doesn't mean that there aren't challenges – and even more opportunities – in the segment. Let's take a look at the ups and downs in the space, from addressing consumer confusion to bringing the fun in new formats.

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CATEGORY OVERVIEW

The vitamin and supplement category is growing across the globe, despite slowing a bit in 2017. Total sales were estimated to increase by 4% as the U.S. market reached $23.3 billion. Driven by higher price points, all segments showed gains. Stand-out sub-segments include probiotics and beauty supplements. Consumer optimism and confidence along with increased spending point to opportunity for premium brands to continue to grow in 2018 and beyond.

THE HISPANIC CONSUMER

As Hispanic population growth in the U.S. outpaces that of the general population (25% estimated growth from 2012-2021 compared to 8.1% for the general population), this demographic could drive very positive results for the category. According to a recent Mintel report, English-speaking US Hispanics are above-average users of herbal supplements, single letter vitamins, and fish oil. Consider Hispanic consumers as a key consumer segment.

MOST COMMON VITAMIN & SUPPLEMENT USAGE BY U.S. HISPANIC CONSUMERS

- Multivitamins
- Single Letter Vitamins
- Fish Oils and Omegas
- Oral Supplements enhancing appearance
- Herbal Supplements
- Joint Supplements
- Probiotics

SOURCE: MINTEL

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GO, GO, GUMMIES!

Product forms continue to expand and diversify, with many cues being taken from the confections category. Gummy experienced a notable increase 2013-2017, rising 73%. Interestingly, the format seeing the most growth is liquid. Mainly marketed for children, liquid vitamins and supplements saw an increase of 157% in this same time frame. All other product forms — tablets, powders, capsules and lozenges — declined.

There are clear reasons consumers gravitate toward these formats. It's clear that more than ever before, taste and fun are a priority in this segment. In fact, more than one third of users said they appreciated that gummies give them a break from taking pills. They feel gummies are fun, have a desirable taste and are a healthy treat. In addition, 14% agree that gummies are easier than pills to remember to take. Younger users, particularly those ages 18-34, hold higher positive perceptions of gummies than their older counterparts and cite "appealing taste" as a driving factor.

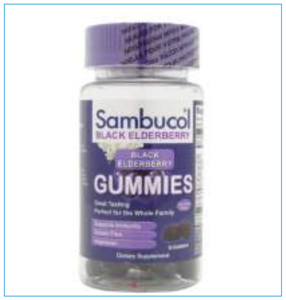
44%

OF USERS AGREE THAT VITAMINS AND SUPPLEMENTS ARE PART OF A HEALTHY LIFESTYLE.

SOURCE: MINTEL

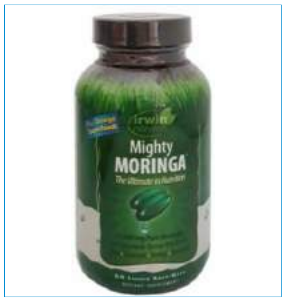
TOP VITAMIN & SUPPLEMENT FLAVORS

1. Orange
2. Berry
3. Cherry
4. Fruit
5. Strawberry
6. Lemon
7. Raspberry
8. Chocolate
9. Citrus
10. Fruit Punch



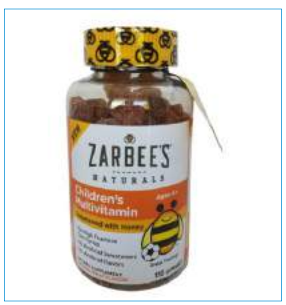
SAMBUCOL BLACK ELDERBERRY GUMMIES:

- This vegetarian dietary supplement claims to support immunity and has a natural elderberry flavor
- Free from gluten, gelatin, dairy, soy, wheat, nuts, eggs, artificial colors, flavors and preservatives



IRWIN NATURALS MIGHTY MORINGA DIETARY SUPPLEMENT

- Contains 1000mg of pure moringa, plus omega superfoods with nutrient-dense oils from chia, coconut, hemp and avocado
- Free from preservatives and features a patented formula that enhances bio availability, absorption and potency



ZARBEE'S NATURALS CHILDREN'S MULTIVITAMIN GUMMIES SWEETENED WITH HONEY

- Contains real honey
- Free from high fructose corn syrup, artificial sweeteners, artificial flavors, preservatives, gelatin, and gluten
- Formulated for children 4+, and claims to be an excellent source of 11 vitamins

> Buzz about turmeric's anti-inflammatory powers dominated 2017, but 2018 is all about moringa. -Well+Good

SHOPPING AROUND

More than a third of consumers state that shopping for vitamins and supplements is confusing. Reasons for the confusion? An overwhelming variety of brands, claims and promotions. Enter ecommerce. Confused by in-store offerings, many consumers have moved to ecommerce to easily research and narrow their options to the product that meets their health need and cost threshold. As a result, online vitamin and supplement sales grew 20% from 2016 to 2017. Expanded assortments and discounts are also helping drive online sales, especially with those aged 18-44 who are bigger proponents of buying online.

Meanwhile, 68% of consumers are still shopping brick-and-mortar stores. About 36% of those consumers say that store associates are helpful in deciding which products to purchase, and 34% consult the pharmacist before buying. Increased education of in-store personnel about the category and product assortment could help ease buying frustrations and increase purchase frequency.

“MORE THAN 40% OF USERS AGREE SHOPPING FOR THESE PRODUCTS IS EASIER ONLINE, AND 32% PREFER TO BUY ONLINE.” -MINTEL

CLAIMS

Non-GMO is the most rapidly growing claim for all vitamins and supplements in the US. Between 2013 and 2017, there were 263 products with this claim, which represented 17% of all new launches. In a June 2017 study by Mintel, 21% of users cited the Non-GMO claim as most persuasive in their purchase decision. Adults aged 18-44 are more influenced by this claim than those 45+. Older consumers tend to be more focused on particular needs and are seeking relief from specific ailments rather than maintaining general wellness.

BEAUTY

Also notable is the 100% increase in products with beauty benefit claims. These items were mostly targeted towards women with call-outs to stronger or improved hair, skin and nails. Ingredients such as biotin and collagen are key components to these products. Collagen supplements are excellent sources of amino acids that are not only crucial for joint health but keep skin firm and supple. Biotin is a b-complex vitamin that helps build protein and can increase hair growth and stimulate thickness.

TOP VITAMIN & SUPPLEMENT CLAIMS

1. Low/No/Reduced Allergen
2. Gluten Free
3. No Additives/Preservatives
4. Other Functional
5. Botanical/Herbal
6. Immune System (Functional)
7. Energy (Functional)
8. Low/No/Reduced Sugar
9. Antioxidant
10. Non-GMO

THE TAKEAWAYS

With more than half of consumers taking a vitamin or supplement daily, consumers on the whole are believers in the benefits of these products. However, the segment is not without challenges and opportunities. Opportunity: Consider Hispanic consumers in your product development and your marketing initiatives. This growing consumer base are active purchasers. Challenge: Too much variety confusing in-store shoppers. Education of store employees and increasing label clarity can help consumers buy with confidence. Important opportunity: Prioritize taste. The gummy category has seen 73% growth, in part, because of a positive taste perception. In vitamins and supplements, taste matters.

YOU DESERVE MORE. LET'S GET STARTED.

What does true partnership look like? You deserve a flavor partner ready to turn these trends into the tangible.

Let FONA's market insight and research experts get to work for you. Translate these trends into bold new ideas for your brand. Increase market share and get to your "what's next." Our technical flavor and product development experts are also at your service to help meet the labeling and flavor profile needs for your products to capitalize on this consumer trend. Let's mesh the complexities of flavor with your brand development, technical requirements and regulatory needs to deliver a complete taste solution.

From concept to manufacturing, we're here for you — every step of the way. Contact our sales service department at 630.578.8600 to request a flavor sample or chat us up at www.fona.com/contact-fona/

SOURCES

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- *Mintel Reports: Vitamins, Minerals & Supplements – US – September 2017*
- *Well+Good: The Top 18 Trends of 2018 are Here! https://www.wellandgood.com/fitness-wellness-trends/*
- *The Shelby Report: From Collagen to Keto: Natural Grocers Predicts 2018 Nutrition Trends. http://www.theshelbyreport.com/2017/12/05/natural-grocers-2018-nutrition-trends/*
- *TABS Analytics: 10th Vitamin and Minerals Study, August 2017. http://www.tabsanalytics.com/blog/vitamins-a-bellwether-category-for-cpg-ecommerce-success*

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