

Vitafoods™

Shaping global nutraceuticals



State of the Nation

Report 2021

Discover what comes next

The rise of positive nutrition in 2021

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01

Foreword

by Heather Granato

After 18 months of global upheaval, the pandemic continues to challenge consumers' understanding of what 'health' means to them.

COVID-19 has driven shifts in access to healthcare, while triggering an increased focus on personal wellness. As more people come to understand how the different parts and systems of the body are interconnected, they are taking an increasingly proactive approach, looking for ways to improve both their mental and physical health, as well as realising the inter-dependent relationship between them. At the same time, the very real impact of isolation and the unrelenting stress of repeated lockdowns have created unprecedented mental health challenges for even the most resilient consumers.

It's no surprise to discover, therefore, that health foods, food supplements and 'green' products of all kinds are becoming more prevalent and seeing sustained sales growth, right down to naturally-derived cleaning solutions for homes. Consumer interest in taking a more conscious, mindful approach to health overlaps and corresponds with their concern for the environment, and the message to brands is clear: transparency is now more important than ever.

Shoppers are looking for product messaging that is easy to understand, plus supply chains that are well-validated and brands that connect with their community in meaningful, authentic ways. Sustainable credentials have become more than just a stamp of approval – a company's approach to sustainability tells consumers everything they need to know about that company's economic, social and environmental impact, and therefore its true value as a brand.

Meanwhile, the nutraceutical industry is exploring exciting new avenues for innovation as the world slowly moves out of the pandemic's shadow. A new generation of nutraceuticals are designed to deliver efficacious solutions to modern health challenges, while even taking inspiration from ancient healing traditions – demonstrated by the growth in sales of Ayurvedic botanicals and adaptogens. Advancements in technology are accelerating the start of the personalised nutrition era, as DNA and microbiome analysis techniques enable unparalleled insight into an individual's unique health markers.

A quarter of a century ago, Steve Jobs started asking consumers to "think different". A generation shift and a global pandemic later, this has become an important message to return to. Now is the time for brands to leverage the latest insights to fuel creative innovation. There are more voices ready to talk at every table; more concepts to consider, especially those enabled by new tech; and, best of all, new ways of thinking to explore. In this new era of health and wellness, there is little room for a linear, limited perspective on product development.

Consumers shouldn't have to choose between one potential benefit and another. Instead, the floor is open to a more integrated approach, and brands that take the lead are combining new ideas in unconventional ways, leading to greater appeal and more authentic connections with consumers.

I hope you enjoy reading this year's report.

Heather Granato
VP, Content, Health & Nutrition,
Informa

02

Introducing the Nutraceutical Industry in 2021

Navigating a new era of health and wellness

When our first State of the Nation report was published in 2020, the pandemic had only just arrived. At the time, we looked at the global trends that were set to shape the future of health and wellness, as consumers around the world decided to take action to preserve their wellbeing during challenging times. One year later, our State of the Nation 2021 report considers how these changing behaviours have since evolved to result in a new consumer perspective.

This is the era of positive nutrition, a time when we benefit from more ways than ever to protect and improve our health.

"Positive nutrition"

– Is when people choose to take charge of their own health through their diet and lifestyle choices. The COVID-19 pandemic accelerated an already-strong consumer interest in a proactive approach to managing health, with many turning to holistic nutritional solutions aimed at encouraging general wellbeing. More people are now making changes to boost their defences against disease over the long term, while also looking to improve their health markers across the board.

We have all been paying closer attention to labels lately. Interested in targeted solutions for mental wellbeing, immunity, digestion and

more, consumers have developed a deeper understanding of different ingredients and the potential benefits they offer. It has become even more important for functional food, beverage and supplement brands to position products wisely, combining validated claims with clever marketing to create a unique value proposition.

Shoppers enjoy mentions of familiar, natural ingredients, supported by third-party accreditations linked to lifestyle preferences or religious requirements. This counterbalances yet complements on-pack claims indicating the lack of something bad, such as 'free from'.

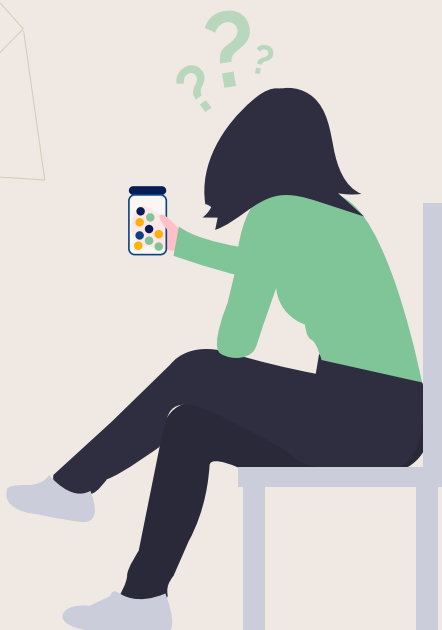
Positive vibes only

The world grapples with the question of what life in the post-COVID era might look like as social inequality, racial injustice and climate crises continue to dominate the headlines.

Mental health has entered the spotlight against this backdrop, as repeated lockdowns and concerns over disease lead to a rise in loneliness and anxiety. With more time and space than ever to reflect on the state of the world, taking responsibility, whether personal, social, or

corporate, has become an important theme for consumers. People are looking for transparency and commitment from their leaders, while trying to do better themselves for their planet and community.

In this report, we'll explore how positive nutrition intersects with the sustainability conversation to demonstrate how brands can support consumers in their health and wellness journey – not only in the wake of the COVID-19 pandemic, but in the decades to follow.



02

Introducing the Nutraceutical Industry in 2021

The insights in this report have been provided by our partners at FMCG Gurus.

FMCG Gurus has conducted investigative consumer research across Europe, Asia-Pacific, North and South America, Africa and the Middle East that gives us a number of invaluable insights into where the nutraceutical industry is right now.

This report draws on data provided from the following surveys:

- ▶ COVID-19 survey (2021/2020)
- ▶ Personalized Nutrition survey (2020)
- ▶ Healthy Ageing survey series (2021)
- ▶ Clean and Clear Label survey (2021)
- ▶ Nutritional Supplements survey (2020)
- ▶ Meat and Plant-Based Protein survey (2020)

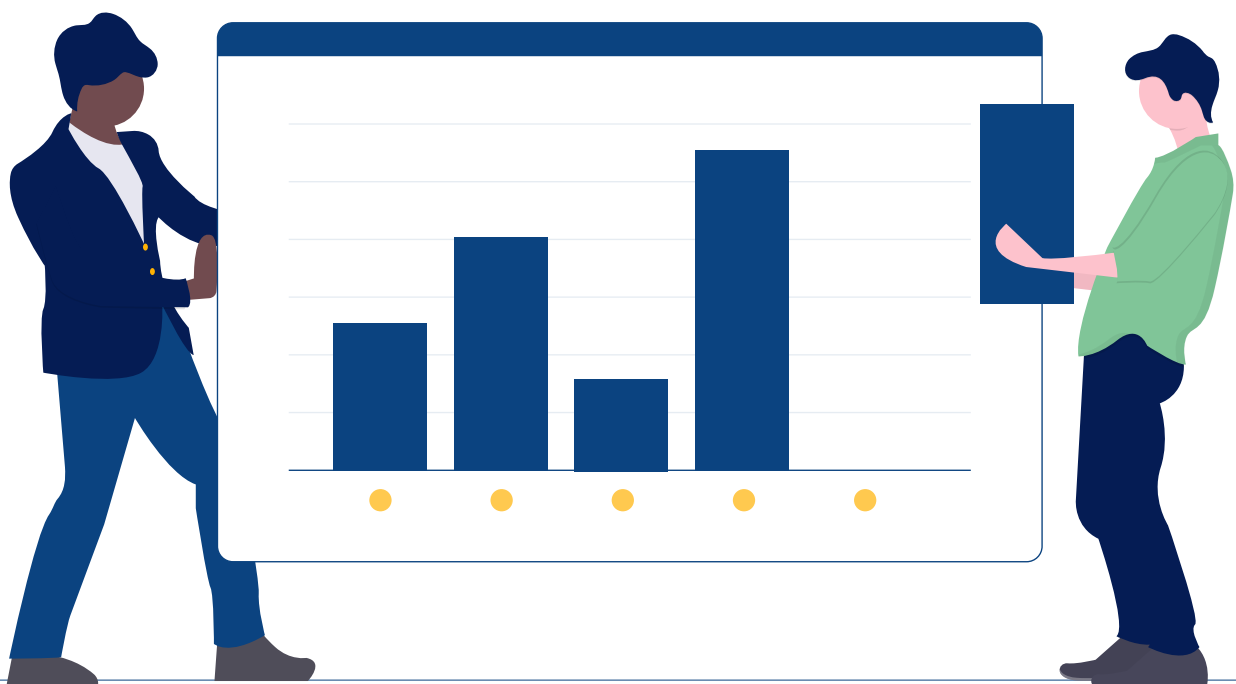
About FMCG Gurus

FMCG Gurus provides market research and insight into consumer attitudes and behaviours across the food, beverage and supplement markets around the world.

The leading global brands in the space trust FMCG Gurus in helping them make more informed decisions by leveraging their services and solutions. Their global reach includes ingredient analysis, future trend mapping and actionable recommendations.



Consumer Experts, Insight Driven



03

A new era for health and wellness

The emergence of a positive nutrition mindset

There's nothing like an unprecedented, years-long global health crisis to make you question your priorities.

COVID-19 led even the healthiest of consumers to consider whether they could be doing more to defend against disease. Meanwhile, those who had been putting off going to the gym suddenly found themselves with new motivation to feel stronger. Last year, **half of consumers** believed that the pandemic would continue to affect daily life for at least 12 months and were taking steps to improve their health in an effort to avoid more serious complications from the virus.

This year, better health is more of a baseline requirement. While the pandemic initially inspired healthier choices out of fear of vulnerability, this enabled greater understanding of the importance of making the right decisions overall. Consumers are **embracing positive, proactive nutrition** and are taking a more **holistic approach** to their health.

Broad spectrum wellness

A holistic approach means a whole-mind-and-body outlook. Many now recognise that good physical health influences their mental wellbeing and vice-versa, and so **51% of consumers are looking to improve their mental and cognitive health** over the next twelve months.

Immunity remains a crucial priority, but it isn't a clear front-runner in the way it was. **Globally, the top health concern for 65% of consumers is heart health, closely followed by immunity at 64% and overall health and wellness at 60%.** Heart health returns to its leading position after a year of COVID-19: in 2019, it was reported as the number one health benefit consumers were looking for from food and drinks.

The focus is on preventative measures, and the power of lifestyle changes: **61% of consumers have become more conscious** about the importance of trying to reduce the likelihood of health problems occurring by **living healthily, long-term.**

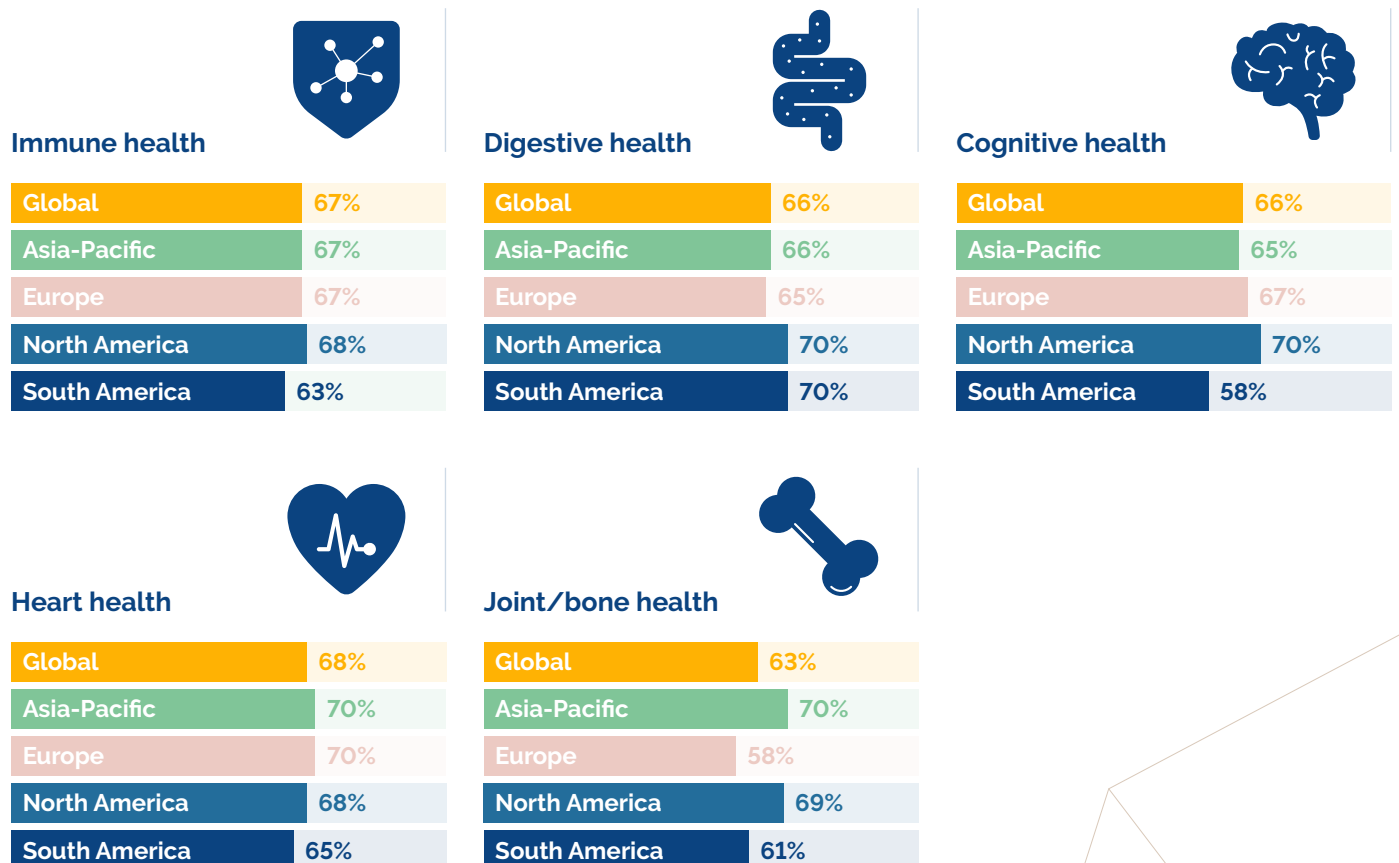
Positive product claims have a lot of influence: **69% of consumers are interested in more information about how to support heart health, followed by immune health (67%), digestive health (66%), cognitive health (66%), and joint and bone health (62%) – and that's irrespective of their personal health status.**

03

A new era for health and wellness

What areas of health are consumers interested in improving with nutritional solutions?

Proportion of consumers who say that they are interested in products that address the following areas of health, even if not suffering specific symptoms. (2021/2020)



03

A new era for health and wellness

For the long haul

Consumers have been interested in proactively improving their health since well before the pandemic, but their best intentions have historically fallen short of actual long-term change. While the lasting effects of the COVID-19 era have yet to be seen, what is already clear is that the pandemic has kickstarted many into taking their health more seriously.

As consumers discover the ongoing benefits of a healthy lifestyle, a lot are finding it well worth the effort. Between April and July 2020, three-quarters of consumers planned to improve their diets and overall lifestyles.

One year after the pandemic first came to our collective attention, this attitude remains – **75% are still making greater attempts to stay healthier as a result of COVID-19.**

But how many are succeeding? **While 22% of people globally say their health has improved over the past two years, 54% have said it remains the same.**

So, while consumers are ready and willing to embrace long-term health, the majority need support in order to achieve their goals. It's here that brands can step in to fill an essential role, connecting consumers with solutions through science, innovation and education.

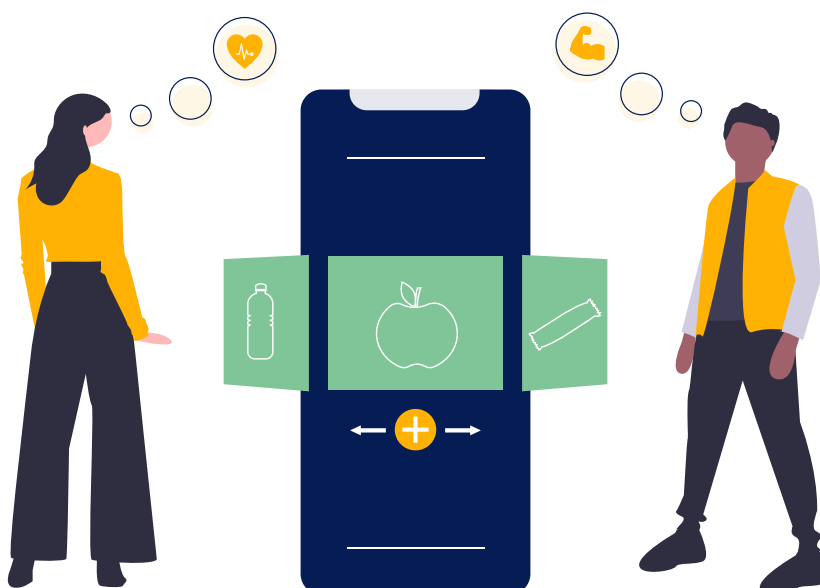
How can brands help consumers turn their positive nutrition mindset into a lifestyle?

"Consumers are passionate about living well and eager to take action, but many are confused about how best to help themselves.

Changing your lifestyle can seem overwhelming when there are so many places to start, from adopting new dietary habits to exercising more frequently. At the same time, it's important to remember that the pandemic isn't over yet: in a climate of ongoing uncertainty, consumers are less sure of who to trust when it comes to their health.

For brands, it's important to stand out from the crowd in stores and online by offering consumers the clarity and science-backed efficacy that matters to them. Winning consumer trust through transparent communication and convincing, well-supported health benefits is crucial for giving consumers the sense of empowerment they need to succeed."

Mike Hughes
FMCG Gurus



04

Healthy choices as standard

How education and innovation support healthy lifestyles

Are functional foods and beverages the key to healthy living?

Today's shoppers are looking for products that **blur the boundaries between groceries and medicine**.

A great consumption experience has long been essential, with priority given to taste and texture.

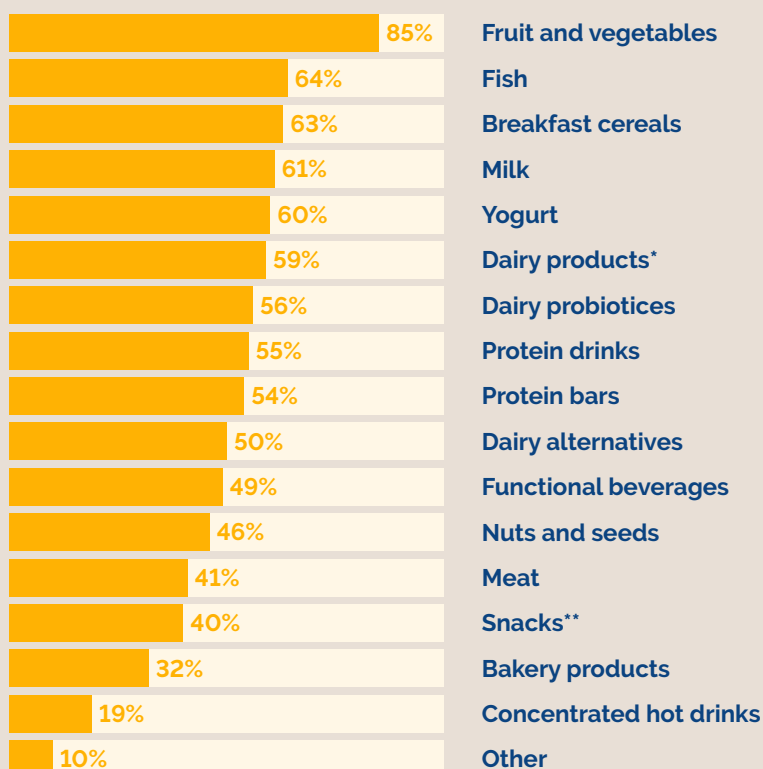
Now, **functional benefits are joining that list of 'must haves'**. Brands should consider how this demonstrates a growing consumer preference for more holistic, convenient ways to improve their health, which are easier to sustain over time.

In 2020, when asked if they preferred supplements or functional / fortified foods and beverages to support their health, **90% of consumers said functional foods and drinks were their preferred product format**, while 10% opted for supplements.

A growing number of consumers are translating this choice into action: in April 2020, 31% of consumers had recently sought out fortified/functional food and drinks, **but by February 2021, this number rose to 44%**.

Where are the opportunities to enhance functional benefits for consumers?

What kind of food and drink products do you turn to in order to boost your health? (2021)



*Dairy products such as cheese and margarine **Snacks fortified with specific health enhancing ingredients

04

Healthy choices as standard

How does meeting consumer preferences for holistic health work in action?

"The "protein plus" trend is a great example. More consumers now understand the benefits of getting more protein, both for general health and particularly for improving energy levels and weight management. They are more frequently encountering the common challenge athletes face of achieving adequate protein intake through diet alone.

Fortunately, brands have stepped in to bridge the gap between market need and lumpy shakes. Consumers can enjoy the benefits of added protein in everything from supermarket snack bars to lattes served at coffee chains.

The "protein plus" trend sees brands go one step further by fortifying with essential vitamins and minerals alongside protein. This ensures that consumers can optimise both macro- and micronutrient intake without disrupting their daily routines, potentially enjoying multiple health benefits from the same product."

Mike Hughes
FMCG Gurus

Getting into ingredients

63% of consumers globally have become more attentive to the ingredient listings on food and drink products.

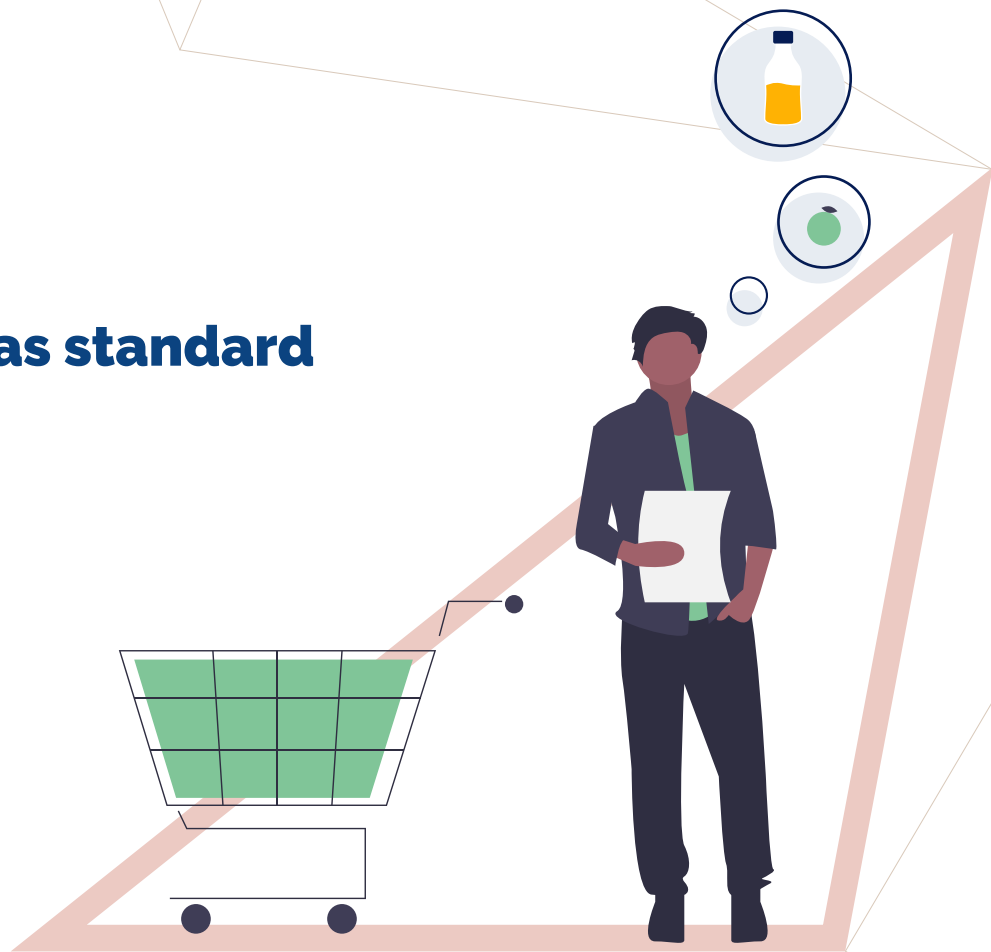
When asked why, the majority of consumers say they have become **more conscious of their overall health, at 62%**. And while a significant proportion want to minimise intake of "bad ingredients", **over half, or 54%, want to increase their intake of "good" ingredients.**

The focus remains on claims that back the clean label credentials of a product, with **'additive-free' (79%)** and **'100% natural' (78%)** found to be the top two most important positionings globally.

In the current climate of uncertainty and scepticism, consumers are ultimately looking for reassurance and continue to be drawn to positive, encouraging language that utilises the familiar, beneficial associations of recognisable terms.

55% of consumers around the globe believe that nutritional information on products could be made easier to understand.

It's essential for brands to bridge this gap through their labelling, supporting shoppers in making better health choices.

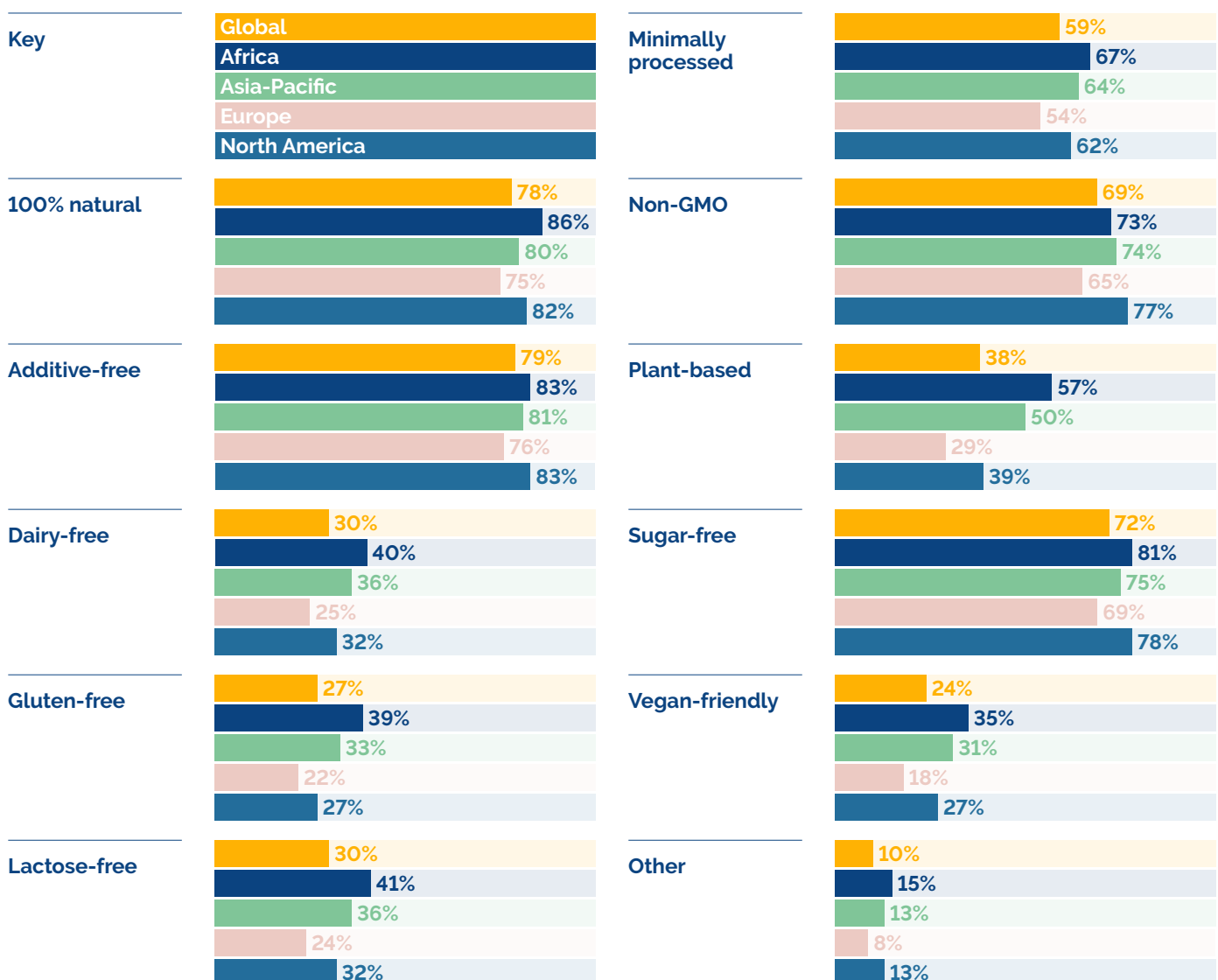


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Healthy choices as standard

What food and drink claims are most important to consumers?

What types of claims do you like to see on product packaging? (2021)

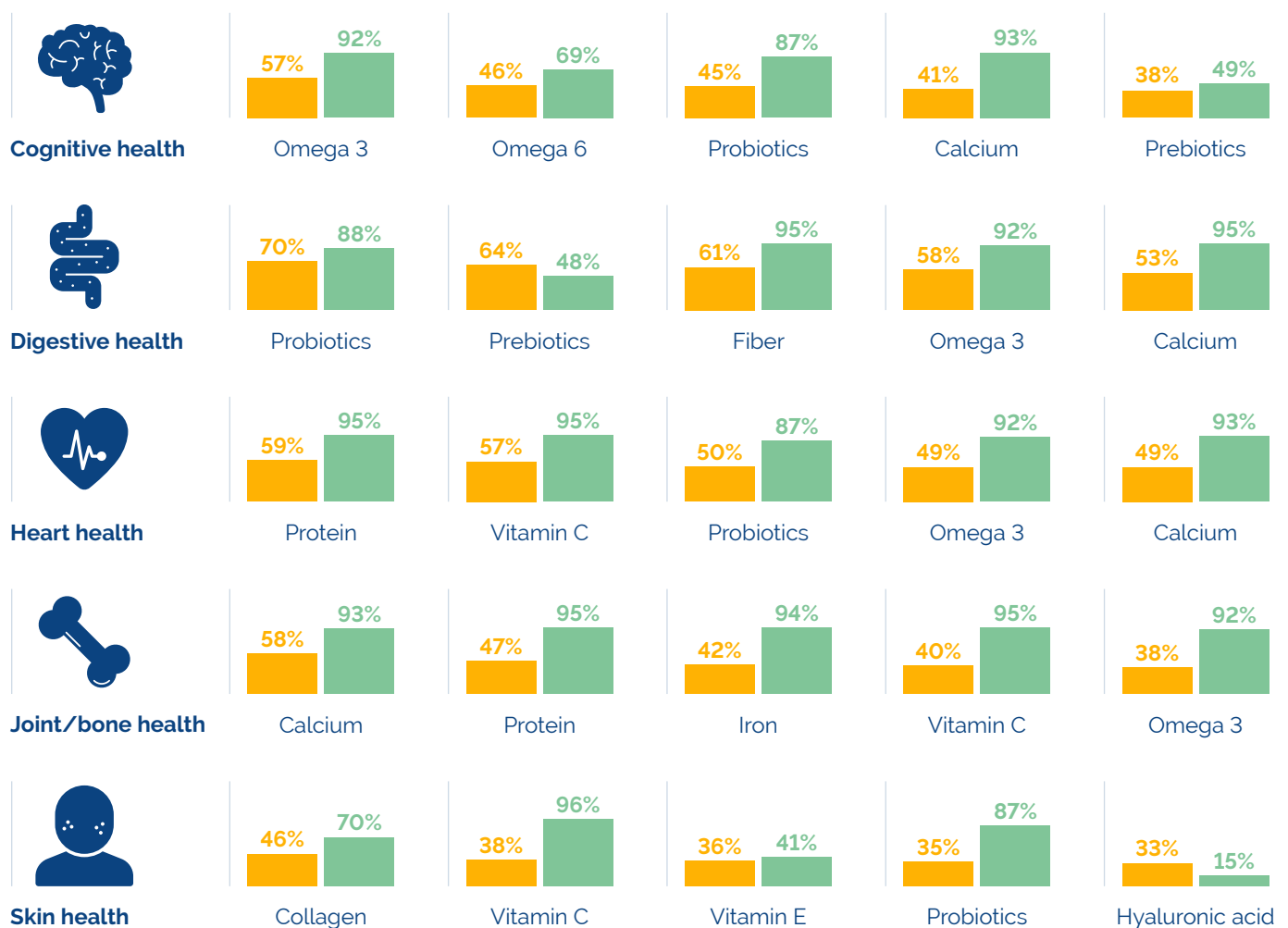


04

Healthy choices as standard

What ingredients do consumers associate with different health benefits?

Top five ingredients associated with aiding the following health areas. (2021/2020)



 Associated with aiding health area

 Awareness of overall ingredient

04

Healthy choices as standard

Down the garden path

We can see that consumers continue to connect the same stalwart ingredients with a variety of health benefits. This makes sense: these are well-established ingredients, long supported by scientific research.

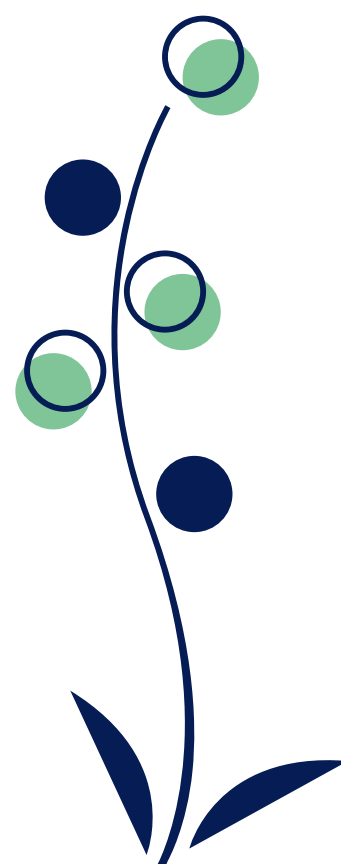
Now though, in their eagerness to embrace all that is perceived as natural, shoppers are also starting to recognise the potential of botanicals. When asked to select which botanical ingredients they had heard of from a list of popular and growing ingredients, consumers more easily identified well-known flowers and herbs as having beneficial effects.

Familiar plants such as dandelion and peppermint are already linked to health through strong associations with healing teas and alternative and herbal medicine.

For 50% of consumers, dandelion is connected with immunity, while 48% connect it with relaxation, 37% with digestion, 34% with energy levels and 24% with detoxification.

Botanicals are expected to continue to grow in popularity as consumers become more open to experimenting with a greater diversity of ingredients in pursuit of holistic health solutions.

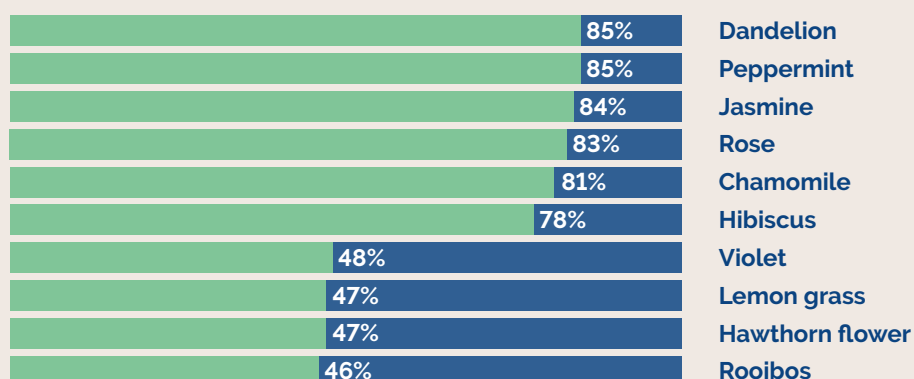
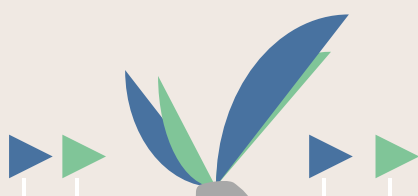
The challenge for brands is to ensure their efficacy is properly communicated, particularly when compared to possible pharmaceutical alternatives.



Which botanicals do consumers recognise as functional ingredients?

Which of the following ingredients have you heard of? (2021)

Top 10 answers



04

Healthy choices as standard

The story on supplements

Although functional foods have been grabbing a lot of new attention, supplement use continues to solidify a loyal audience – in 2020, 49% of nutritional supplement users said they would be willing to increase their expenditure.

However, there is a crucial growth opportunity that the industry has yet to fully master: **how to win over consumers who have never tried supplements before?**



Winning with facts

Of the consumers who have never used supplements, 45% avoid them because they do not believe they are effective. This indicates that the focus for the supplements industry right now should be on winning over customers with the power of education.

Traditional formats such as tablets and capsules enable effective, effortless delivery of a far higher ingredient dose than many food or beverage formats can support, and that higher dose is often what's required to achieve an ingredient's science-backed benefits. That might be eye-opening news for many consumers who have previously been sceptical about the gummy format.

Of the one in five consumers who use supplements, 61% are looking to improve overall wellness, second only to those who are seeking immune benefits, at 66%. "Overall wellness" means different things to each person, but generally speaking it describes a collection of positive health markers, simultaneously present. While a variety of supplements can deliver a variety of benefits, the challenge lies in combining these within one product.

This is another reason why tablets and capsules continue to reign supreme, offering a tried-and-true method of safely and efficiently delivering multiple ingredients within a single dosage form.

What's next for supplements

Innovations in dosage formats are presenting new avenues for mixing up the consumer experience. These are hitting the mark for growing numbers of consumers: 37% are now using supplement gummies, while 22% go for chewable formats and 13% enjoy single serve shots.

In the meantime, it's important for supplement brands to remember that as many as **77% of consumers would be more likely to purchase an immunity product if they had access to scientific evidence around health claims**, which indicates the growth potential of the market when brands up their educational efforts.

At the same time, in the wake of COVID-19, transparency matters just as much as efficacy: **37% of consumers are looking for more information about the safe sourcing of ingredients** used in the products they choose.

05

Getting serious about sustainability

Positive nutrition for mind, body, and planet

These days, we are not only looking inward in order to better understand our health, but also considering how we as individuals are connected to the wider world.

How does the health of the planet impact the way we feel in our bodies and minds, and how can healthy humans improve the health of their environment?

Consumers now understand all too well the stressors of climate crisis and social inequality, as serious weather events and political disturbances have continued against the backdrop of the global pandemic. Isolated and afraid, we have learned the impact social health can have on personal mental health, and how mental health then impacts physical health. People are also becoming more interested in individual growth and development, which for many means finding ways to contribute to their communities and work to solve the challenges they see. As a result, the way we define sustainability is changing completely.

Brand new green

Sustainability was once a watchword for vague and distant corporate priorities that didn't mean much to consumers in their everyday lives. By now, it has become intrinsic to the way we live. More people are attempting to reduce emissions, offset their carbon footprint and cut down on plastic waste. **48% of consumers have made a change to their diet in order to be sustainable,**

which is a slight increase from 45% in last year's report. Of these people, **69% believe that the choices that they have made are not only healthier for the planet, but also for their own bodies.**

Reducing intake of foods that are deemed worse for the environment fits with the consumer perception that everything is connected. Health and wellness should be approached holistically, from all angles. **Last year, 37% of people identified as flexitarian, vegan or vegetarian, compared to 31% in 2018.** Indeed, one of the biggest shifts since 2020 has been the rise in plant-based eating, a trend which is intrinsically linked to both sustainable priorities and health and wellness aspirations.

In 2021, **28% of global consumers plan to add plant-based products to their existing diets,** an increase of 10% since April 2020. Of these consumers, 69% cite health reasons as their biggest motivation for going plant-based, while 59% put sustainability first, and the overlap between these two groups is significant. For brands, this points to an unmistakable opportunity to address sustainable priorities hand-in-hand with health goals, offering a targeted positioning that appeals to consumers on several levels at once.

Sustainability plus

As with other aspects of the positive nutrition movement, taking a sustainable approach isn't only about restriction or elimination. For many consumers, it's about bringing more benefits into their lifestyle by supporting products and initiatives that make a positive contribution to the world.

A sustainable diet might mean adding in more fresh and local foods or making more out of leftovers to reduce food waste – otherwise known as eating better, and smarter. Similarly, brands can provide more support to sustainable benefits and projects in order to authentically enhance their positioning.

Companies should consider how they can meaningfully engage with their communities or adapt their processes in a way that reflects and showcases their sustainable values.

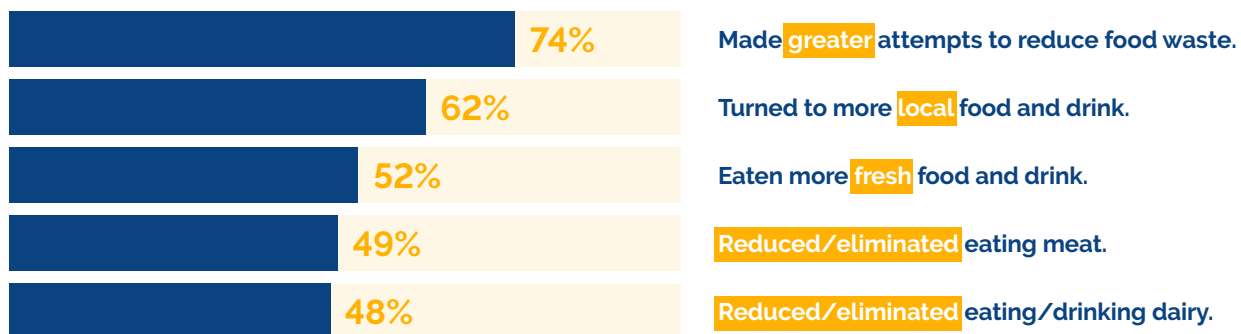
05

Getting serious about sustainability

What changes are consumers making to live more sustainably?

What changes have you made? (2020)

Top 5 changes consumers have made changes to their diets in order to lead a more sustainable lifestyle.



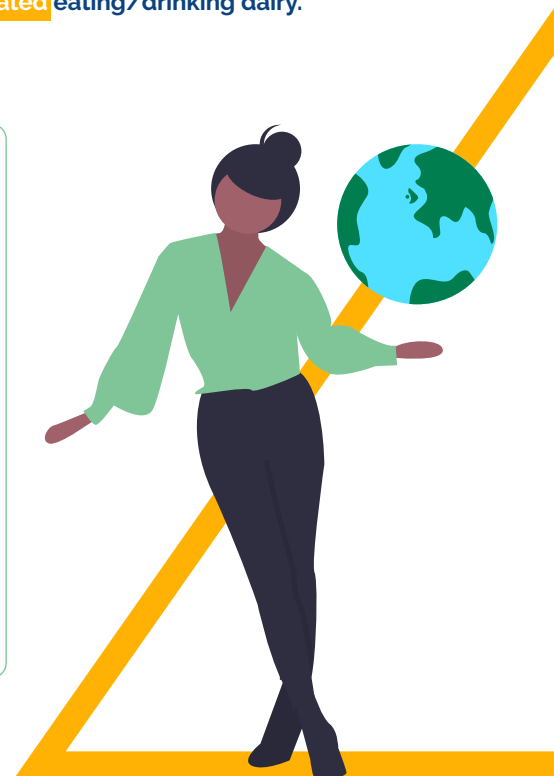
How can brands reassure consumers on the benefits of their products for both body and planet?

"There's no secret, it's all science. To put it simply, brands that are willing to invest in credible research, assured traceability and third-party accreditations will have a clear advantage when it comes to capturing market interest.

For consumers, a product's quality is closely connected to its origin story, which should stand up to scrutiny on questions related to purity, availability, preserving biodiversity

and minimising environmental disruption. Ideally, a product or resource stream should proactively offer social and environmental benefits for the communities it has been sourced from, for example through the creation of jobs or by leveraging what would otherwise be a wasted by-product of a different production process."

Mike Hughes
FMCG Gurus



06

State of the Nation 2021

Key takeaways from FMCG Gurus

Holistic health is here to stay

Consumers no longer think of their health concerns and goals as distinct, separate priorities. They increasingly understand how mental and physical health are interconnected, collectively contributing to overall wellbeing. It's this pursuit of wellbeing that underpins consumer attempts to defend against disease and age healthily over the long term.

The opportunity

Brands can help consumers bring their holistic health aspirations within reach by offering convenient formats that fit around their busy lifestyles. The goal is to offer diverse, yet interconnected, benefits in a single dosage form.

Going into ingredient detail

In times of mistrust and uncertainty, consumers are more sceptical than ever. People are paying even closer attention to the ingredients which go into the products they choose, keeping their eyes peeled for names they can trust.

The opportunity

Formulators should take into account what goes into every ingredient on their label, from the science behind it, to its sourcing.

When it comes to nutrition, more is more

Rather than being content to get rid of the bad stuff, consumers are focused on enhancing their diet and lifestyle by making positive changes. Supplements remain in high demand thanks to their reliability, and functional foods and beverages are helping to embed positive nutrition as part of everyday life.

The opportunity

Now is the moment for brands to experiment and diversify their portfolios. Enhancing the consumption experience can help turn healthy choices into habits, supporting consumers in building new routines.

It starts with sustainability

The health of people and the planet are now intrinsically linked in the eyes of the consumer. It is impossible for a brand to maintain a "good for you" positioning, while engaging in practices that might cause any harm to environments or communities.

The opportunity

Brands should take the chance to share their stories upfront. Providing details on how a product is made can help to create authentic, meaningful connections with consumers.

Get ahead by staying agile

The pandemic isn't over yet: 58% of consumers are concerned about future waves of the virus, and 19% of us believe that COVID-19 will continue to influence daily life for several years. As such, we're all operating in a state of flux, and markets still look forward to stability.

The opportunity

When brands aren't sure what to expect, it compels them to stay agile. As we look ahead, companies will need to innovate quickly in order to respond to consumer needs as they evolve. Personalisation is a trend to watch – globally, 63% of consumers are interested in products that are customised to meet their individual needs.

06

State of the Nation 2021

What are consumers looking for from the health and wellness solutions they choose?

Why are you interested in such types of products? (2020)

Consumers who are interested in customised products – Top 10 answers



07

Closing remarks

Mike Hughes, Head of Research and Insight at FMCG Gurus, looks at what we should expect from the era of positive nutrition

When COVID-19 arrived, it was tempting to put all responsibility at its door. It would be easy to assume that the pandemic, which changed our lives so dramatically, also changed the way that consumers think and feel. What actually happened is that COVID-19 accelerated trends that were already in play and helped people to make changes to their mindset by putting their health priorities under the spotlight. Now, it's time to consider how brands can support consumers in addressing those priorities and achieving their health goals, not only in the current climate of pandemic but over the rest of their lives.

Consumers have been eager to embrace positive nutrition because of the growing body of science, impossible to ignore, which highlights the mind-body connection and explains in concrete terms how aspects of physical and cognitive health are interlinked. This is an important milestone which has fundamentally transformed the way we approach wellness. And that model of mind-body connection fits seamlessly into the growing belief that "everything is connected": human physical health can be directly influenced by our environment and contributing positively to our planet can have its own impact on our personal health.

As this exciting new era of understanding dawns, brands that hope to meet evolving consumer priorities must put innovation first. Investing in new formats is crucial for developing solutions that are not only convenient, but also effective. But a shiny new design alone won't be enough to inspire a lifestyle change: consumers are eager for positive nutrition, but reliant on brand support to make it a reality. However, they are only willing to lean on that support when trust is in place, which is why it's so important for brands to examine how they communicate health claims to overcome the scepticism and confusion that act as barriers to adoption.

Looking even further ahead, innovations in personalised nutrition offer exciting potential avenues for brands to explore when it comes to supporting health over the long term. As science evolves and deepens our understanding of both our bodies and nutrition, microbiome sequencing and DNA samples could potentially unlock countless opportunities for personalisation.

But innovation doesn't have to be complex: it can start today, with something as simple as trying a new marketing approach – for example, using in-person health assessments to provide more targeted advice.

Ultimately, it's important for brands to remember that consumers are passionate in their new, positive approach to nutrition, and are eager to embrace diverse solutions that align with their wider goals and lifestyle choices.

The only question is, how will you choose to help them first?



Vitafoods™

Shaping global nutraceuticals



In partnership with



About Vitafoods

Vitafoods brings the nutraceuticals industry together to create a powerful community. By curating events and platforms dedicated to connecting, informing and inspiring, we're shaping the future of global nutritional health.

vitafoodsglobal.com

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