



# **DIETARY SUPPLEMENT BUYING HABITS: A FOCUS ON SEVEN KEY CATEGORIES IN THE US, UK & GERMANY**





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## **SEVEN EMERGING INGREDIENT CATEGORIES IN THREE BIG DIETARY SUPPLEMENT MARKETS**

This ITC report meshes supplement category megatrends with a data-driven deep dive inside the buying habits of American, UK and German supplement buyers, focusing on seven ingredient categories.

It reveals understandings of health and nutrition science and what role dietary supplements can play in overall diet; delves into lifestyle choices and shows how economic status affects purchasing decisions, along with environmental and supply chain concerns.

While there are many similarities between these three major Western markets, significant differences emerge between them, especially between American and European supplement buying preferences.

For example: German supplement users are much less likely to take supplements daily compared to US and UK consumers. They are also more concerned about the environment.

UK and German consumers are more likely to be concerned by joint pain or a lack of energy; Americans seem more concerned by high blood pressure and high cholesterol.

The three markets are characterized by enthusiastic yet often fickle consumers who exhibit varied knowledge gaps regarding the origin, safety and efficacy of dietary supplements. Some are highly knowledgeable and educated in the field, others responsive to the opinions of friends, family and colleagues; to e-commerce ratings and reviews along with social and other media when making purchase choices.

In a space where health trends can impact sections of the population in very different ways, and the nuances of nutrient science can be spun and warped through mainstream, specialist, blogging and social media, the markets can be difficult to grasp, but are more lucrative in 2021 than ever before, boosted by a pandemic-driven rise in what supplements can do for immunity and overall health.

## **Nutritional versus pharma interventions**

The health optimization and disease prevention potential of dietary supplements has gained momentum in recent years as public healthcare systems built on a pharmaceutical-focused, disease treatment philosophy have struggled under rising rates of chronic ailments like heart disease, obesity, diabetes and neurodegeneration, along with anxiety and mental health issues. Americans spend approximately \$600bn each year on pharmaceuticals and the German pharma market will be worth about \$51bn in 2022; in the UK, Analyst Evaluate forecasts \$34bn.

The economics of preventative nutrition versus drug/hospital-based treatment aside, pharma skepticism has been rising despite the billions the industry spends each year convincing medical professionals and consumers alike of the efficacy and necessity of drugs.

Even before COVID-19, consumers were concerned about pharmaceutical side effects, price manipulation, taxpayer-funded research, misleading advertising, drug approval processes and the influence of Big Pharma lobbying on the entire medical sector not to mention federal and regional regulators.

Surveys show that nine out of 10 Americans believe pharma firms put profits before patients. European attitudes are similar. This presents a vast opportunity for the supplements sector.

Dietary supplement trade groups like the Council for Responsible Nutrition (CRN), the Natural Products Association (NPA) and the United Natural Products Alliance (UNPA) in the US, the UK Health Food Manufacturers Association (HFMA), the German Association of Food Supplements, Cosmetics and Pharmaceuticals (BDIH) and the German Food Supplements Association (BLL), the European Federation of Associations of Health Product Manufacturers (EHPM), Food Supplements Europe (FSE) and the International Alliance of Dietary/Food Supplement Associations (IADSA) not to mention nutritionists and other healthcare professionals – have long pushed governments and regulators to back supplement use to improve public health and

reduce spiraling healthcare costs, often with limited success.

But if there is a battle between the pharma and nutra sectors over public health, it is one the nutrition sector is winning, if slowly, evidenced by ever-growing interest from pharma, food and VC players in the dietary supplements space.

## **Dietary supplements sector shifts**

The space has been irrevocably altered, as have most industries, by the rise of start-ups, even if around 70% fail within five years.

In fact, constant innovation is best executed by smaller, more nimble players, from formulation and format to marketing and digital delivery where legacy brands can't move fast enough and the value of trade alliances is minimized.

Many supplement brands take full advantage of the shift to digital and exist purely online, selling direct-to-consumer via bespoke e-commerce websites or via mass or niche e-commerce channels like CVS in the US, Boots in the UK, NaturProdukte in Germany along with international goliath e-vendors like Amazon, eBay and iHerb.

Broader shifts are shaping the market such as the aforementioned, ongoing and substantial swing to e-commerce and increasingly vital product ratings and reviews, health blogs and social media dynamics, influencing, and in fact driving consumer purchasing practice.

Another megatrend is personalized nutrition which manifests in many ways in 2021, from apps that attempt to match genetics, microbiomes and health conditions with optimized supplement-led nutrition solutions, to e-gamers customizing 'nutrition stacks' to aid focus, reflex, spatial thinking and other performance parameters at the gaming consuls of a booming sector.

The fact Dutch-Swiss ingredients and nutrition giant DSM recently threw \$100m at its brand new global Hologram personalized nutrition division that brings its host of recent personalized nutrition investments and activities under one roof reveals much about how important personalized nutrition

has become to that \$10bn firm and the whole space.

## **Shift from brick to click retail shifts up a gear**

While there are significant retail channel differences between the three countries the shift to e-tail is universal with estimates putting e-sales at around 25% of the market in 2020 – roughly doubling 2019 sales.

That said, an ITC poll found 55% of UK supplement buyers and 45% of Americans didn't purchase any supplements online.

Differences in behaviors abound. For example, online e-tailer sales at sites like Amazon were more broadly used in Germany than either the UK or US, but pharmacy sales were lower there.

In the UK, grocery store chains, pharmacies and natural food outlets dominated while in the US our 2020 mid-pandemic survey showed mass market retailers, club stores, drugstores, online and grocery store chains were the most popular sales avenues in a diverse distribution infrastructure that also included network marketers, health food and independent stores and supplement retailers. The UK had virtually no mass market retail sales.

These distribution channels are evolving rapidly. Aside from driving record interest in immunity and wellness-focused nutritional interventions, pandemic-provoked retail restrictions have also accelerated what was already a strong shift from brick to click retail, and bringing previously resistant, older demographic groups into the fold.

They have quickly familiarized themselves with the review and rating system that has become a massive influencer of purchasing behavior, and are increasingly comfortable in social media channels.

For many discovering the price and quality comparing, personalized convenience of e-commerce for the first time, this might mean a permanent shift to online shopping, or shift toward it to join the hordes of younger people

that do almost all their shopping this way. ITC data showed more consumers buying bigger baskets from mass e-tailers and retailers, which is also diminishing the influence of the natural food/supplement retailers. A sector-wide pivoting to online plus expansion of specialist services like buyer's clubs and educational programs to assert category authority is the order of the day for smaller firms struggling to combat the 'Amazon effect'.

Of course, partnering with the e-tailing behemoth is another option many evolve to, even as Amazon has made listing more difficult by upping its product and supply chain verification demands including Certificates of Analysis (CofA), which will favor larger, established brands with these kinds of compliance standards and protocols in place.(1)

ITC data found rising numbers of users look for CofAs, QR codes (especially in Germany), country of origin (less so in the US), ingredient supplier information (highest in the UK) and other transparency signals.

Two thirds said such measures greatly or somewhat increase the purchase likelihood – again higher in Germany at 74%.

30% of Americans said transparency doesn't influence their choices – compared to 23% of Brits and 15% of Germans.

But consistent product quality rates as the number one reason to trust a supplement brand (40%) followed by healthcare professional authentication (32%), long-term usage (31%) and QC seals (31%).