

**NUTRA**  
ingredients-usa.com

# State of the North America Supplements, Health & Nutrition sector 2020

**SURVEY REPORT**

IN ASSOCIATION WITH

**DUPONT**

**William Reed**  
INFORMING BUSINESS GROWTH

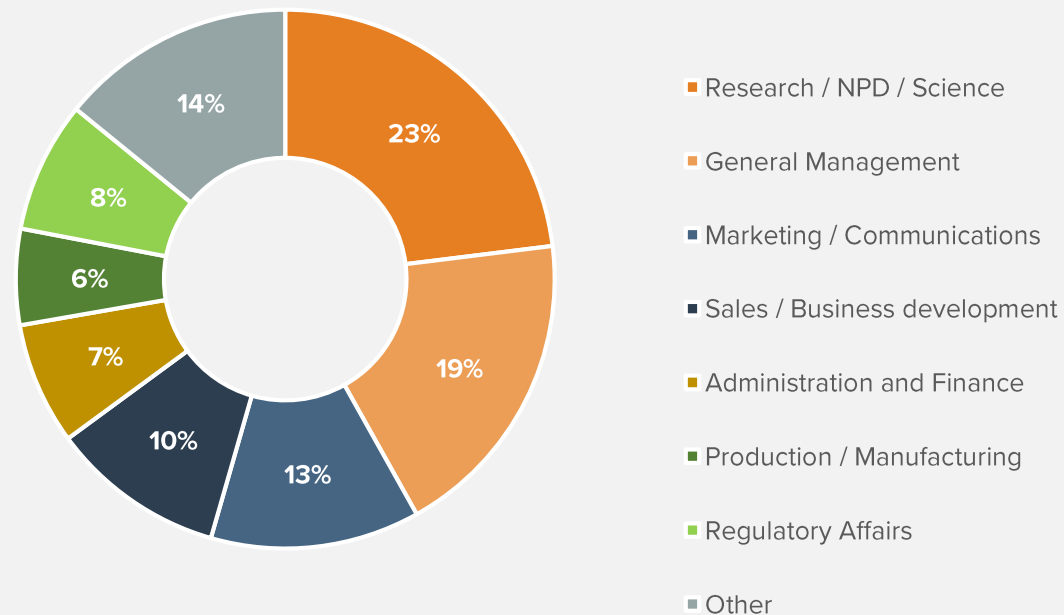
# EXECUTIVE SUMMARY

## STATE OF THE NORTH AMERICA SUPPLEMENTS, HEALTH & NUTRITION SECTOR 2020

In September 2020, NutraIngredients-USA.com, in association with DuPont, conducted a ‘state of the industry’ survey of its user base of supplement industry professionals. The key objective of the survey was to gauge views about the current state of the supplements, health and nutrition industry and to identify the issues that are causing most concern.

NutraIngredients-USA.com collated survey responses from industry professionals who form an integral part of the brand’s readership on topics such as supply chain, new product development, formulation trends, labeling, consumer confidence, CBD, and more.

### WHO ANSWERED THIS SURVEY?



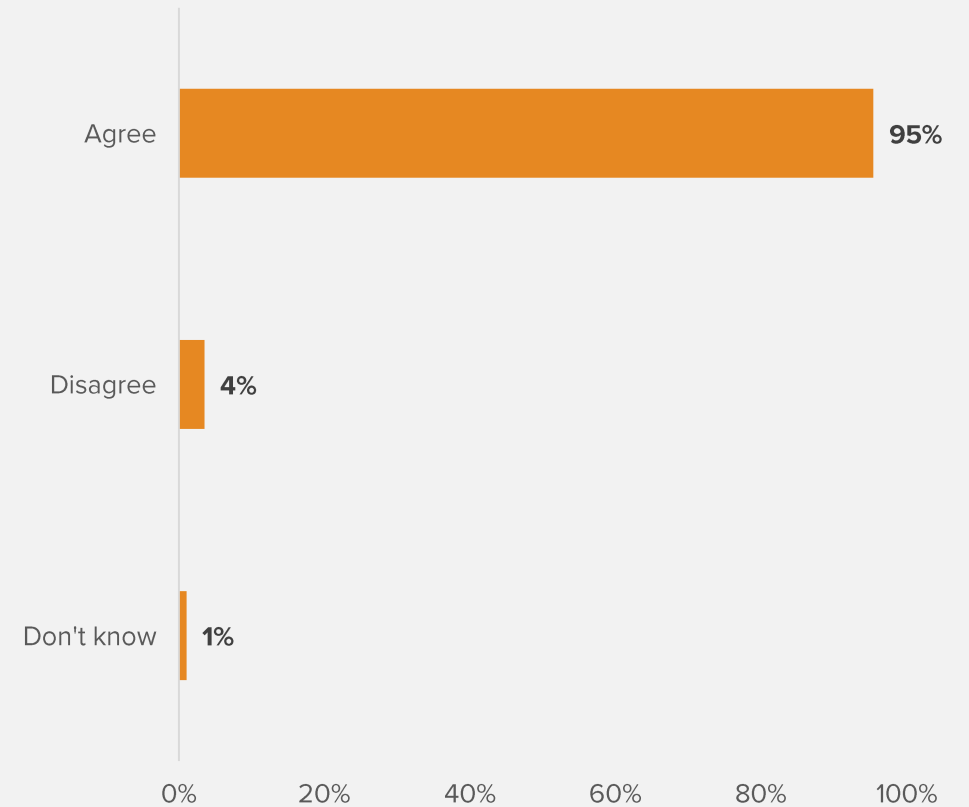
# CONSUMER INTEREST IN HEALTH & WELLNESS

With headlines proclaiming the potential benefits of vitamin D during the pandemic, the role of the gut for immune function, and soaring sales of products formulated with ingredients like zinc, elderberry, and echinacea, it is not surprising that 95% of our respondents answered this question in the affirmative.

While regulatory agencies have kept a close eye on the claims landscape in 2020, consumer concerns around COVID-19 have driven significant interest in the potential of nutrition to optimize their overall health.



## CONSUMER INTEREST IN THE POWER OF NUTRITION TO BOOST HEALTH AND WELLNESS AND SUPPORT IMMUNITY HAS NEVER BEEN HIGHER



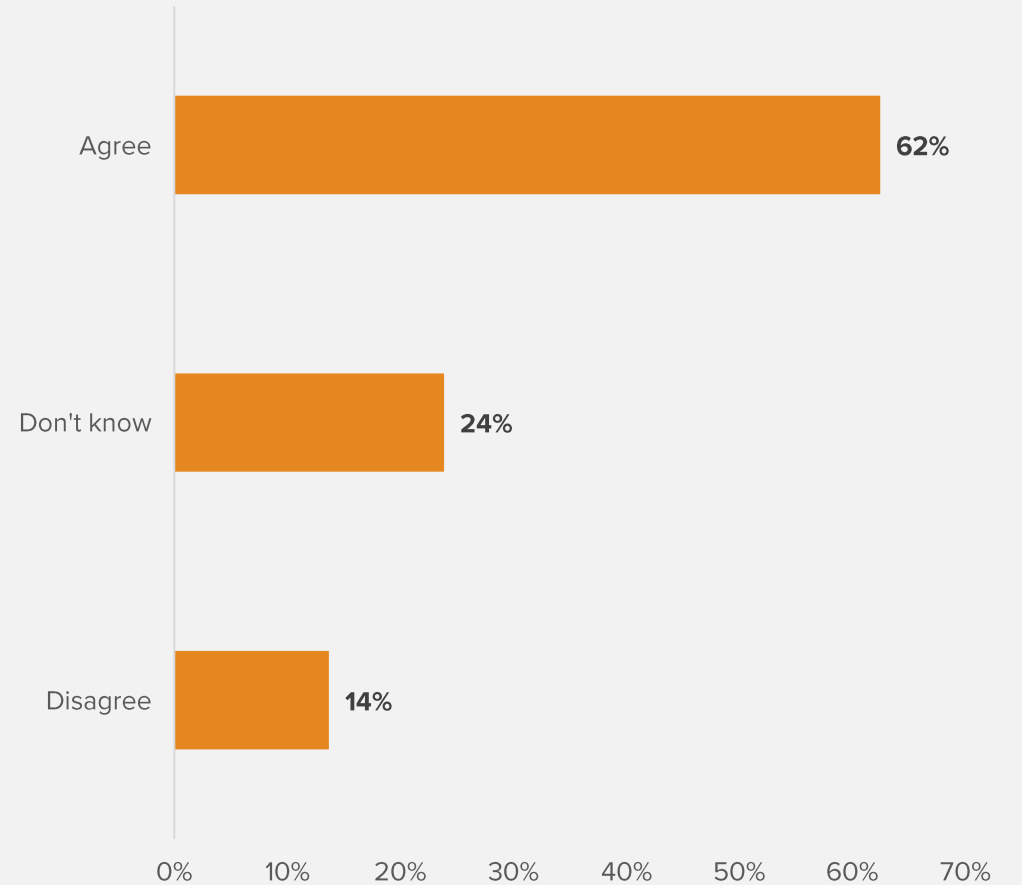
# CONSUMER INTEREST IN HEALTH & WELLNESS

Reports from many dietary supplement companies to the NutraIngredients-USA editorial team of record sales in the early part of the year are backed up by the results of this question with 62% of respondents agreeing that their company experienced surging sales in the first half of 2020.

Some commentators have suggested that the old seasonal demand for immune support products may be a thing of the past, certainly for the next several years.

The answers to the first two question reinforce either other, showing that consumers are more interested in taking control and health and wellness and this translated into strong sales for many companies.

## MY COMPANY EXPERIENCED SURGING SALES MARCH-JULY AS CONSUMERS LOOK TO TAKE MORE CONTROL OF THEIR HEALTH AND WELLNESS



# ONLINE MARKETING OPPORTUNITIES

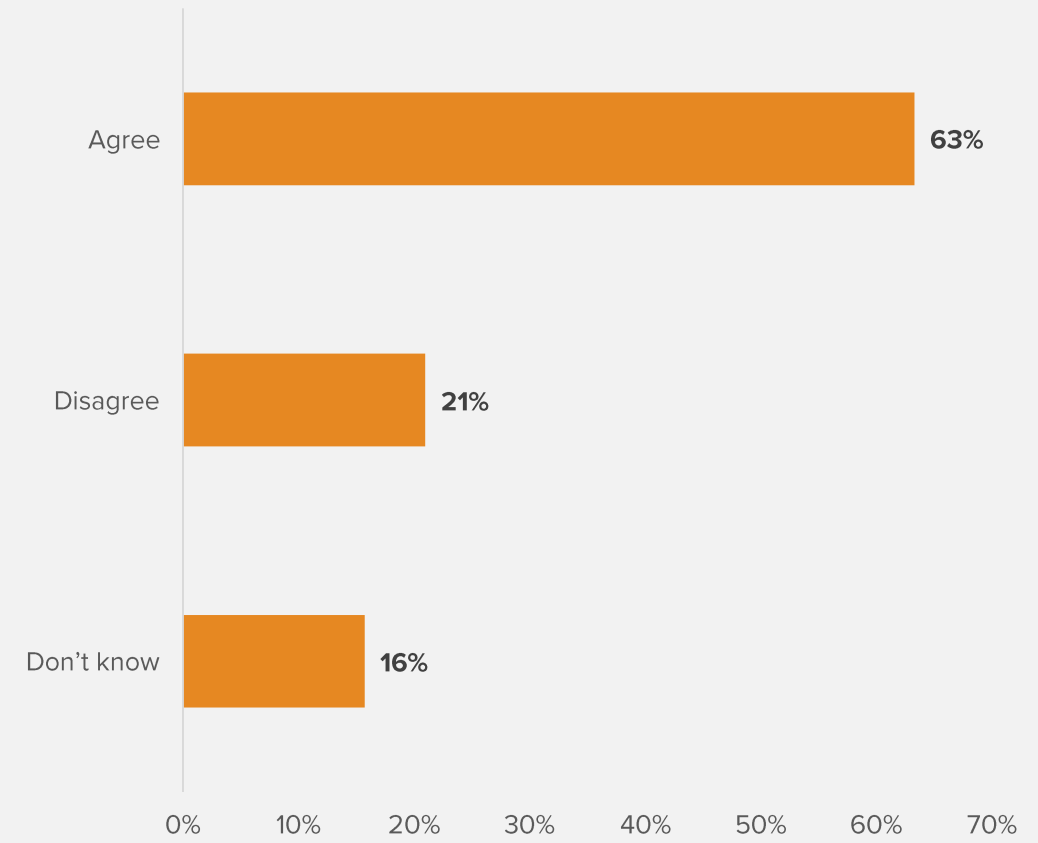
The pandemic also accelerated the transition to online purchases for many products, including dietary supplements, as consumers limited their time in stores.

According to Euromonitor International, e-commerce is expected to account for 21% of global dietary supplement sales this year, up from 17% last year.

In addition, e-commerce will be the largest channel for dietary supplements in 2020 globally.

In response, 63% of our respondents agreed that their company has significantly increased their online marketing and e-commerce offerings since the start of the year.

## WE HAVE SIGNIFICANTLY BEEFED UP OUR ONLINE MARKETING AND E-COMMERCE OPPORTUNITIES SINCE JAN 1ST, 2020



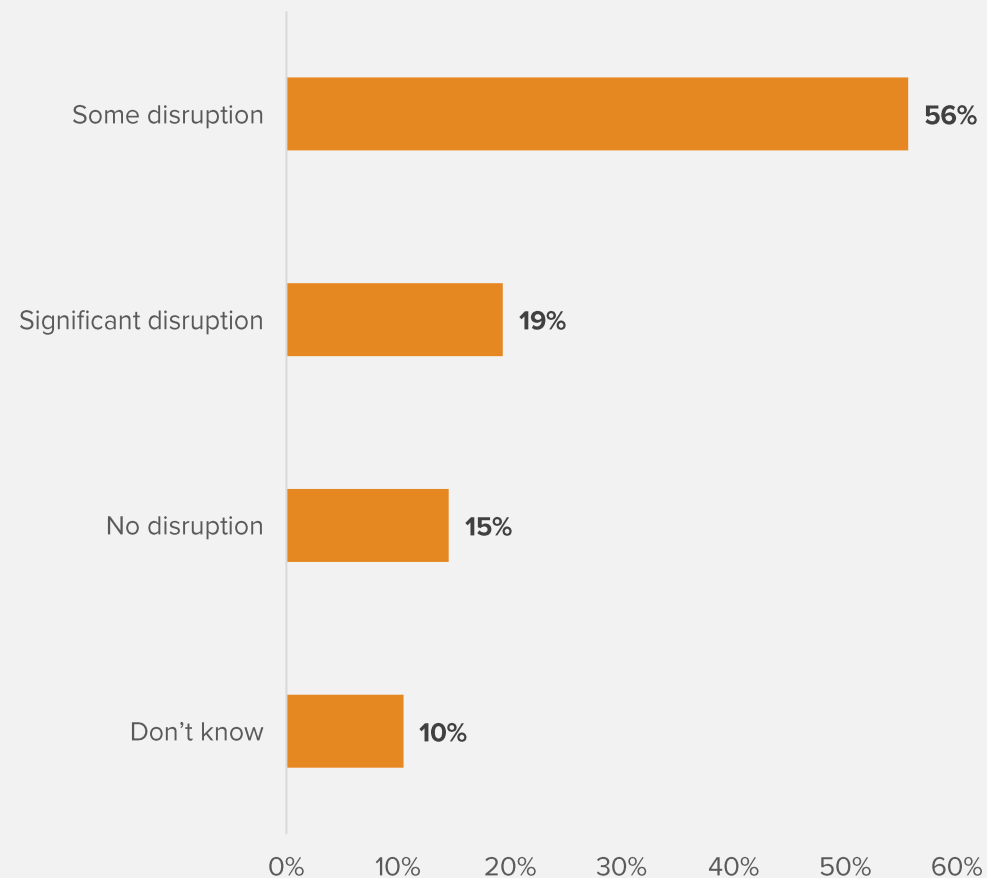
# SUPPLY CHAIN DISRUPTION

In March, the US Department of Agriculture contacted stakeholders in the dietary supplement industry to assess potential problems in the supply chain of dietary supplements, with stakeholders reporting a number of issues, from insufficient capacity for a number of immune health ingredients to challenges obtaining bottles and other packaging materials.

Three-quarters of respondents reported that their company had experienced disruption, which broke down to 56% reporting some disruption and 19% of our respondents declaring that their company had experienced significant supply chain disruptions.

Fifteen percent said they had not experienced any disruption, which may be as a result of using locally sourced ingredients and inputs.

### WHAT LEVEL OF SUPPLY CHAIN DISRUPTION DID YOUR COMPANY EXPERIENCE IN Q1 & Q2?



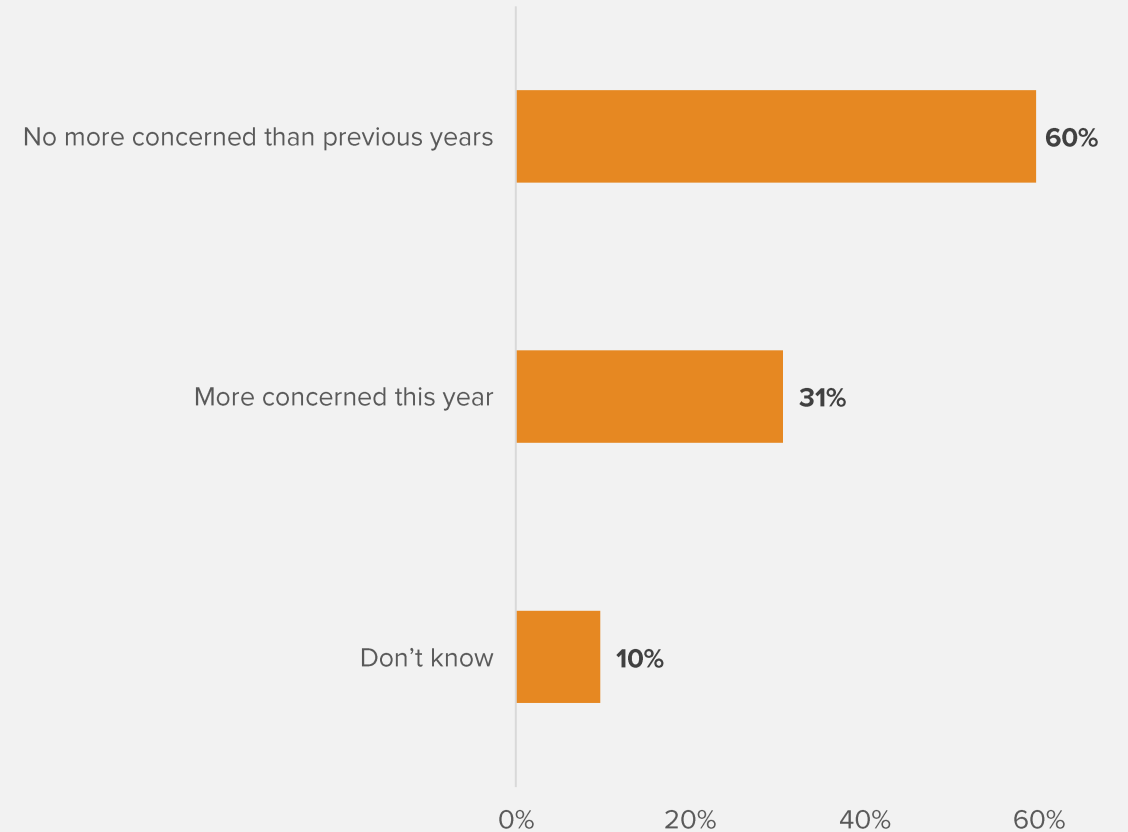
# INGREDIENT SUPPLY CONCERNS

One of the many downsides of stretched and/or disrupted supply chains is that strained supply leads to price increases, and opens the door for unscrupulous players to introduce adulterated material into the market.

Despite such concerns, 60% of our respondents said they were no more concerned that previous years, with 31% saying they were more concerned.

The threat of adulteration depends on the specific sector within the industry, with botanicals a particular target for fraud. For example, the ABC-AHP-NCNPR Botanical Adulterants Prevention Program (BAPP) urged buyers to be “more vigilant than ever”, with the program expressing “deep concerns about the integrity of the botanical supply chains”.

## I AM CONCERNED ABOUT ADULTERATION OR CONTAMINATION OF MY INGREDIENTS SUPPLY



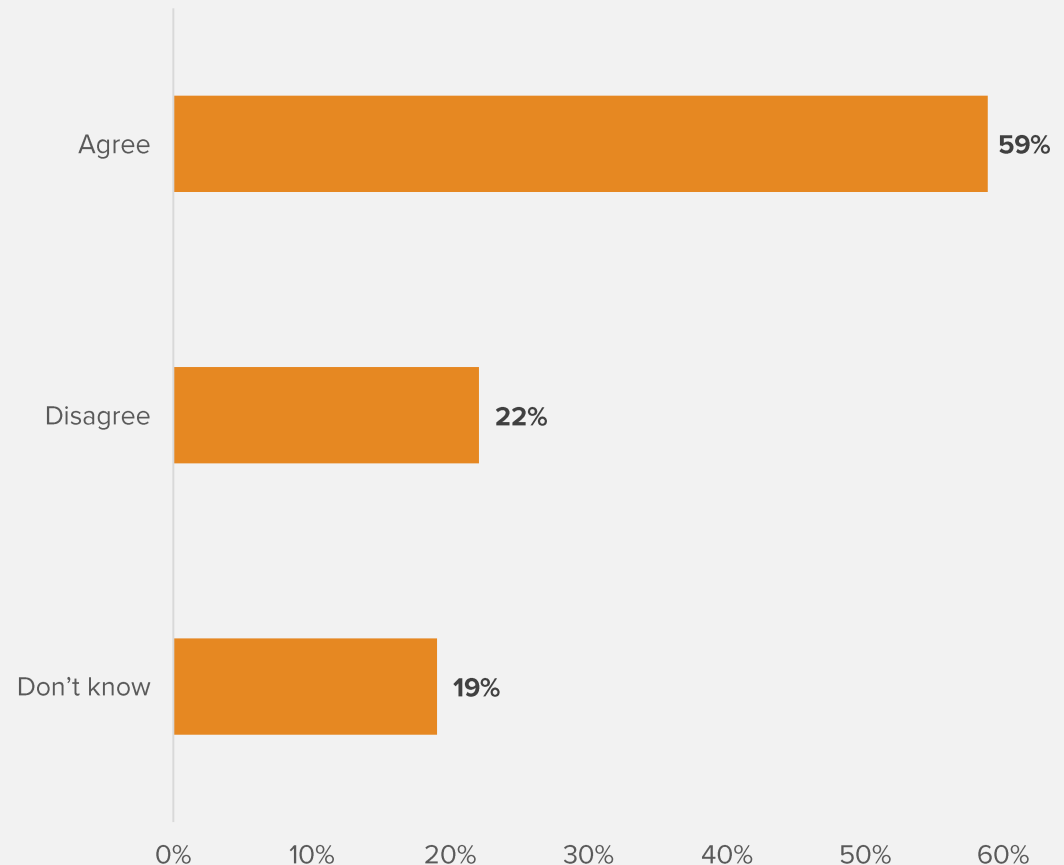
# SHIFT IN SUPPLY CHAIN

The dietary supplements industry is a global industry, with supply of ingredients coming from all corners of the world. But COVID-19 supply chains disruption coupled with strains in trade relations between the US and China, led to some stakeholders postulating that this may change where companies are sourcing ingredients and raw materials from.

Fifty-nine percent of our respondents agreed that they expect to see some of the supply chain moving back to being domestic.

The economics will obviously prohibit the sourcing many ingredients in the US (some supply chains would have to be built from the ground up), and 22% of our respondents stated that they don't expect any big domestication of supply.

## I EXPECT TO SEE SOME OF THE SUPPLY CHAIN MOVE BACK TO BEING DOMESTIC, WITH LESS RELIANCE ON RAW MATERIALS AND INGREDIENTS SOURCED ABROAD





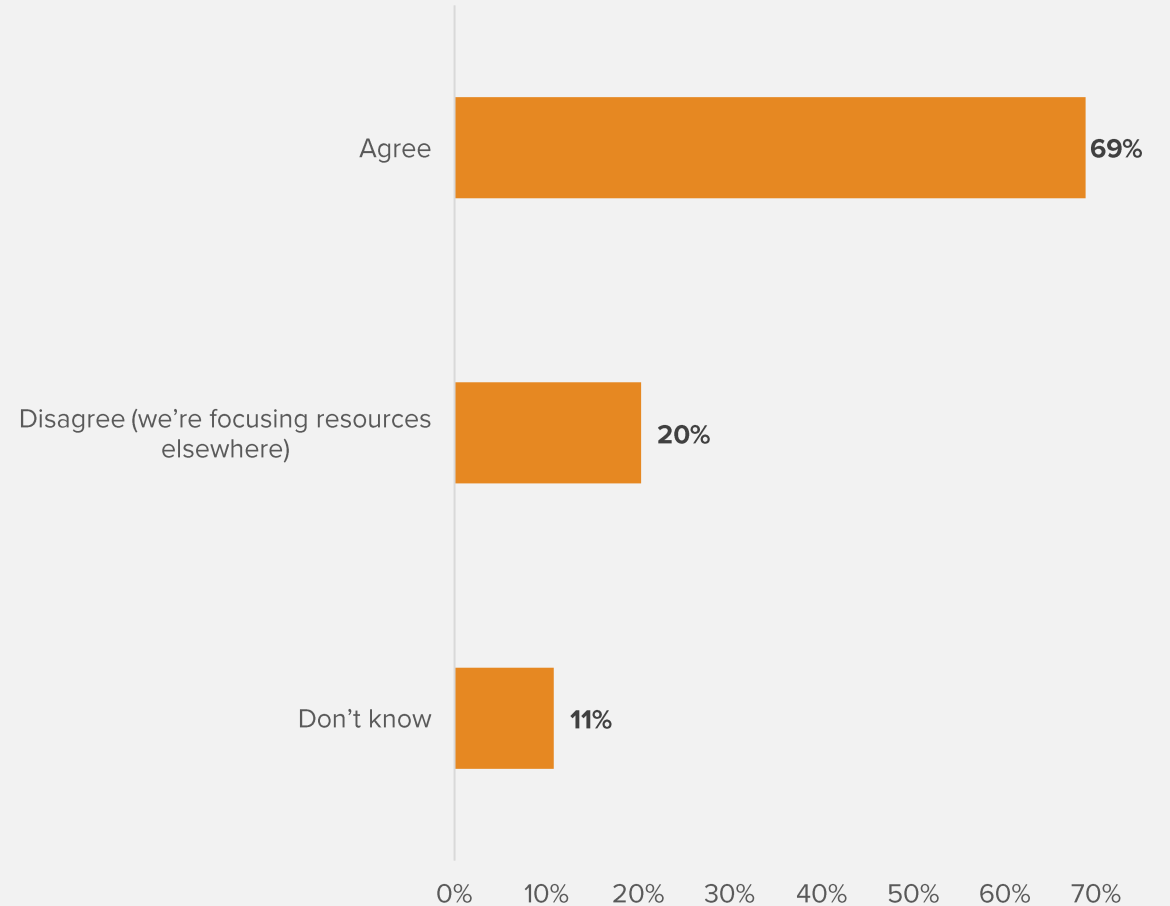
# NEW PRODUCT DEVELOPMENT CHALLENGES

One of the key questions our editors were asking stakeholders in the first half of the year was what the disruption would mean for their New Product Development pipelines, also taking into account that many of the forums (ie. the main trade shows) for launching such products were also victims of the pandemic.

Sixty-nine percent of our respondents said their NPD pipelines remained as robust as ever, perhaps an indication of how this industry thrives on new products, and the increasing consumer thirst for products to support their health and wellness.

Twenty percent of respondents disagreed, noting they were focusing resources elsewhere.

## OUR NEW PRODUCT DEVELOPMENT (NPD) REMAINS AS ROBUST AS ANY OTHER YEAR



## NEW PRODUCT DEVELOPMENT CHALLENGES

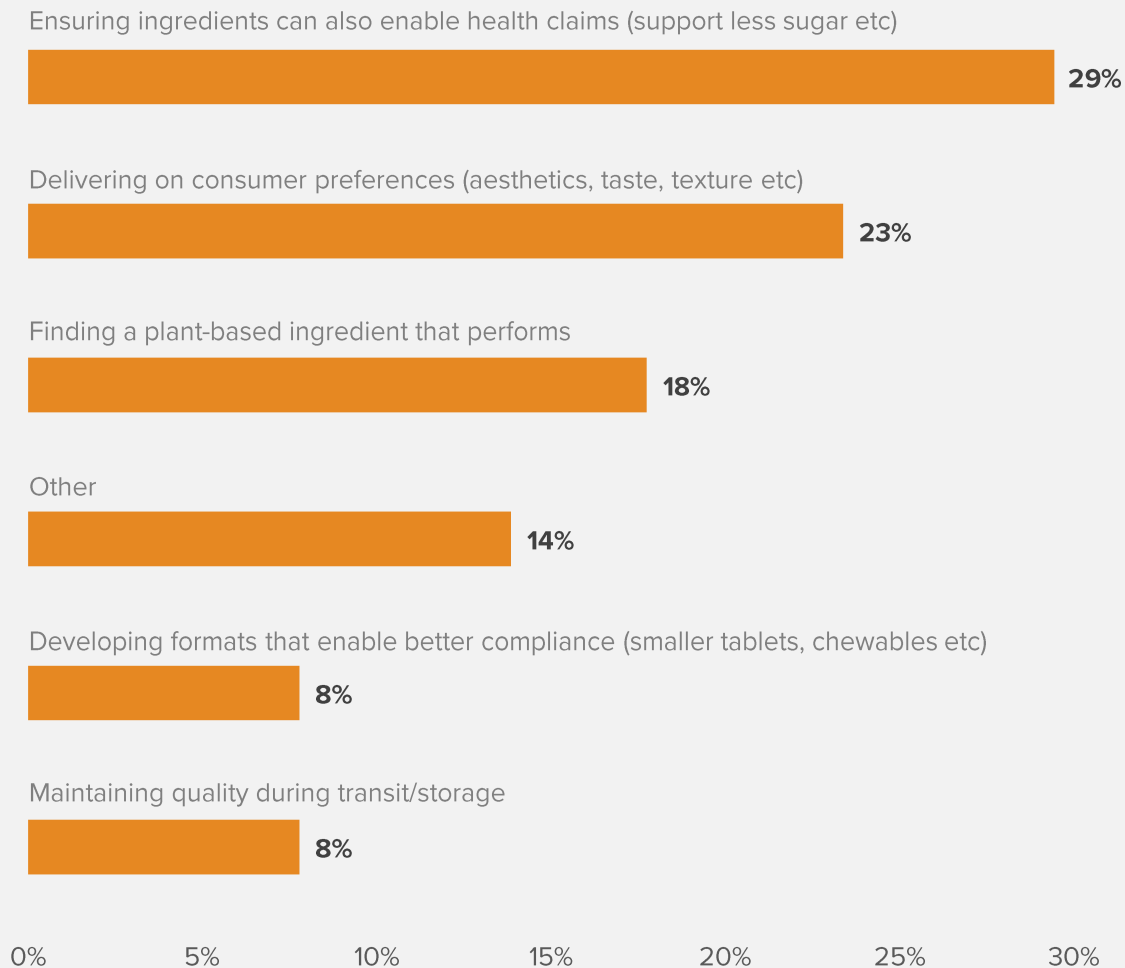
Following on from the previous question, we were also interested to learn about the problems faced by producers of dietary supplement products.

The top problem with 29% was ensuring that ingredients can enable claims, with delivering on consumer preferences coming in second with 23%.

Almost 20% of respondents also said that finding a plant-based ingredient that performs was a concern, highlighting the importance of plant-based alternatives in the marketplace.

Of lesser concern were developing delivery formats to boost compliance, and maintaining quality during transit and storage, both of which received 8%.

### THE TOUGHEST PROBLEM I SEE IN DEVELOPING MY DIETARY SUPPLEMENTS IS:



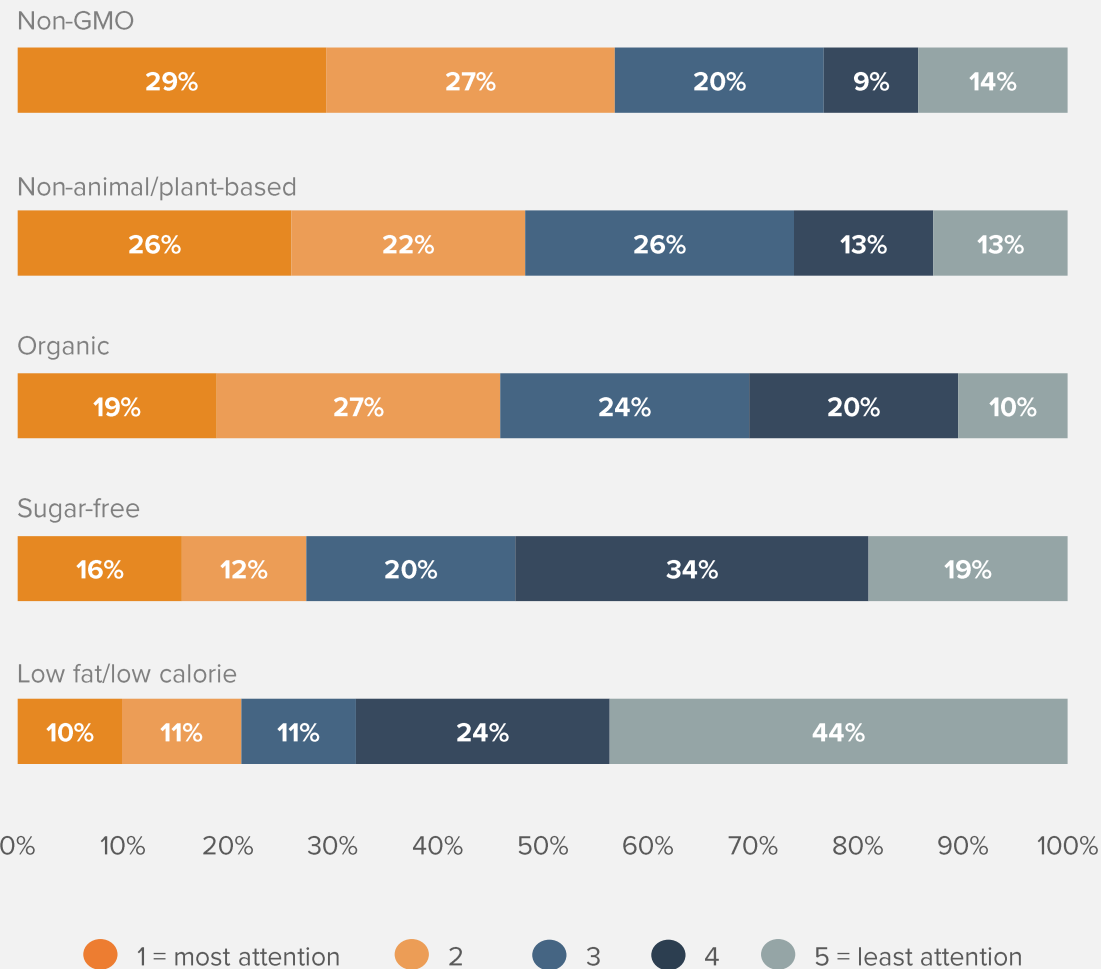
# INDUSTRY FOCUS POINTS

Interestingly, when it came to claims such as non-GMO, organic, etc, the top claim of interest for our respondents was non-GMO, with 56% of respondents ranking it as the most or second most important claim.

Next up was plant-based or non-animal with 48% ranking it as the most or second most important claim, with organic coming in third with 46% for those rankings.

Perhaps unsurprisingly for dietary supplement products, which are dominated by capsules, soft-gels and tablets, the lowest ranked claim was low-fat or low-calorie.

## RANK THE CLAIMS YOUR COMPANY IS PAYING MOST ATTENTION TO:



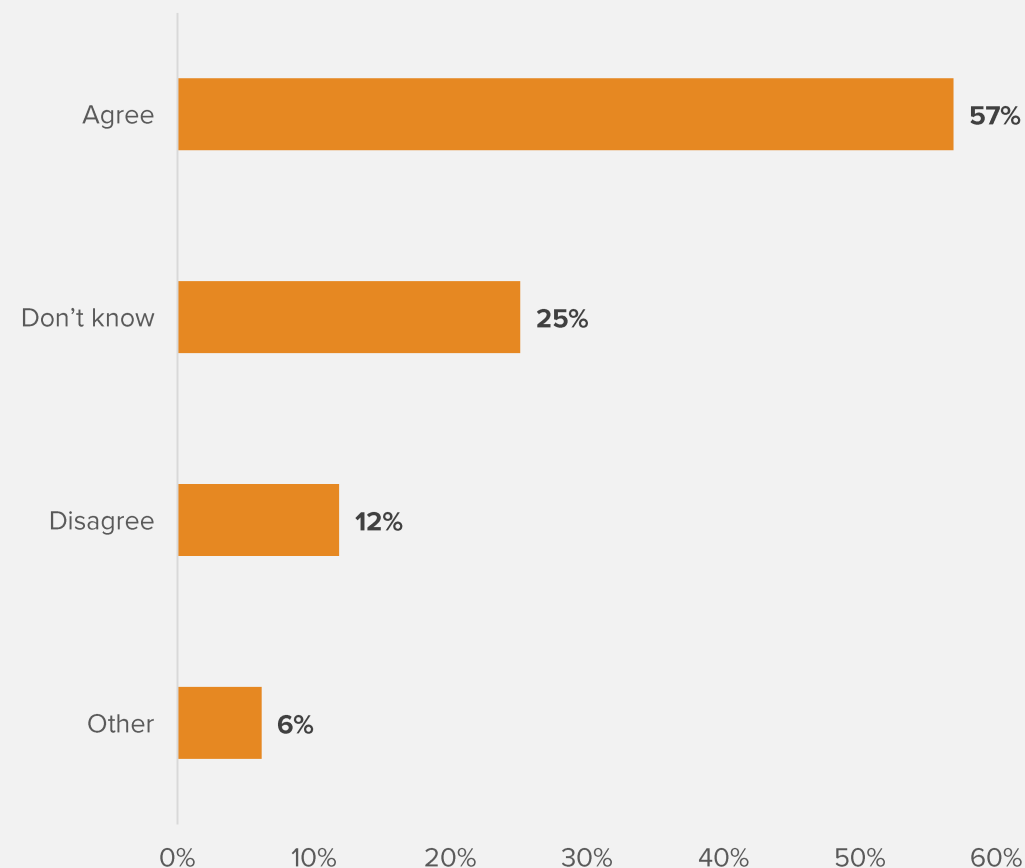
## IS PILL FATIGUE REAL?

Many industry observers tell us that pill fatigue – that reported phenomenon whereby consumers want smaller and fewer capsules, tablets or softgels, or alternative delivery options like gummies, liquids, gels, powders, etc – is a real thing.

And our respondents overwhelmingly agreed, with 57% saying that they are focusing on novel deliver formats and dosage forms to boost compliance.

“Our company is seeing lots of new deliveries (transdermal patches, gummies, powders, etc.),” noted one respondent, while another told us: “I don't know about fatigue, but we're focusing on other delivery formats”

### PILL FATIGUE IS REAL AND WE'RE FOCUSING ON NOVEL DELIVERY FORMATS AND DOSAGE FORMS TO MAKE COMPLIANCE EASIER



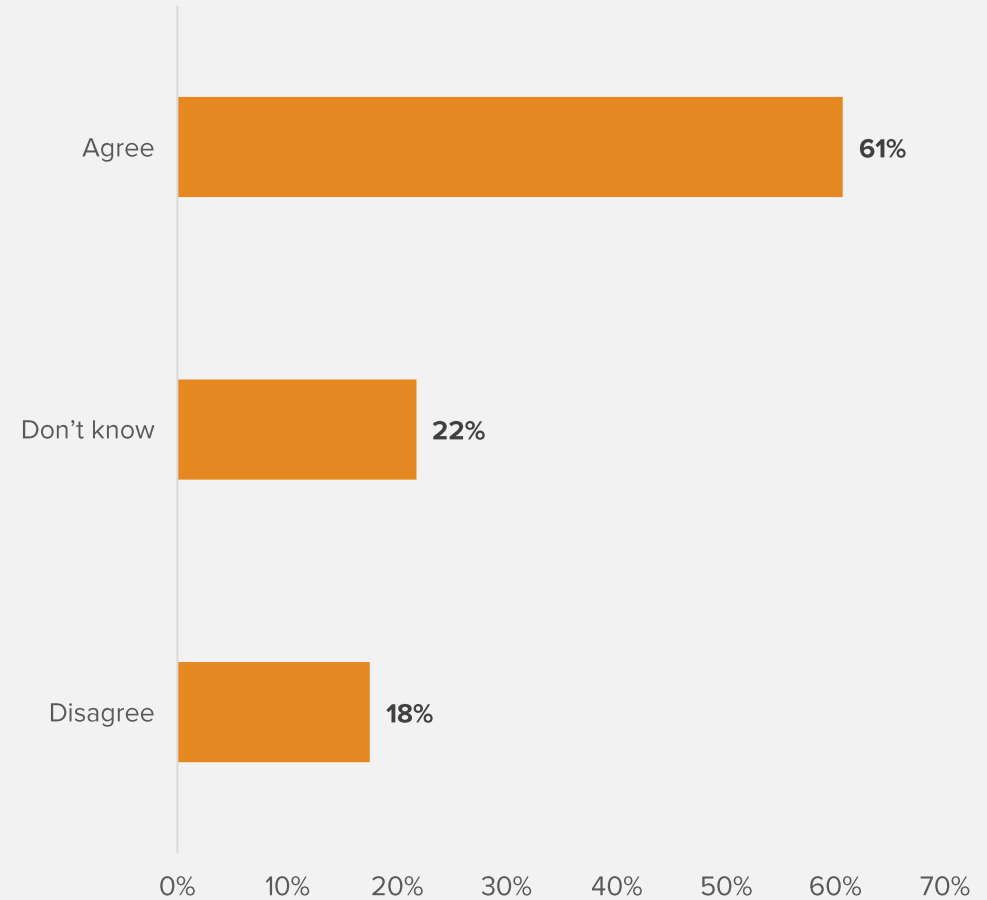
# APPROACH TO MAKING CLAIMS

We've already heard that regulators have been keeping a close eye on any COVID-related claims in the marketplace, but what about the wider claims discussion? As consumers seek out more information about how good nutrition and nutrients and bioactives can improve their overall health, we were curious to hear if the pandemic has highlighted the limitations in the structure-function approach to claims.

And the answer was an overwhelming yes, with 61% of our respondents agreeing with the statement, and only 18% disagreeing.

So that then led to the next logical question, which was... ***(turn to the next page)***

### THE RECENT CRISIS HAS HIGHLIGHTED LIMITATIONS IN THE STRUCTURE-FUNCTION APPROACH TO CLAIMS



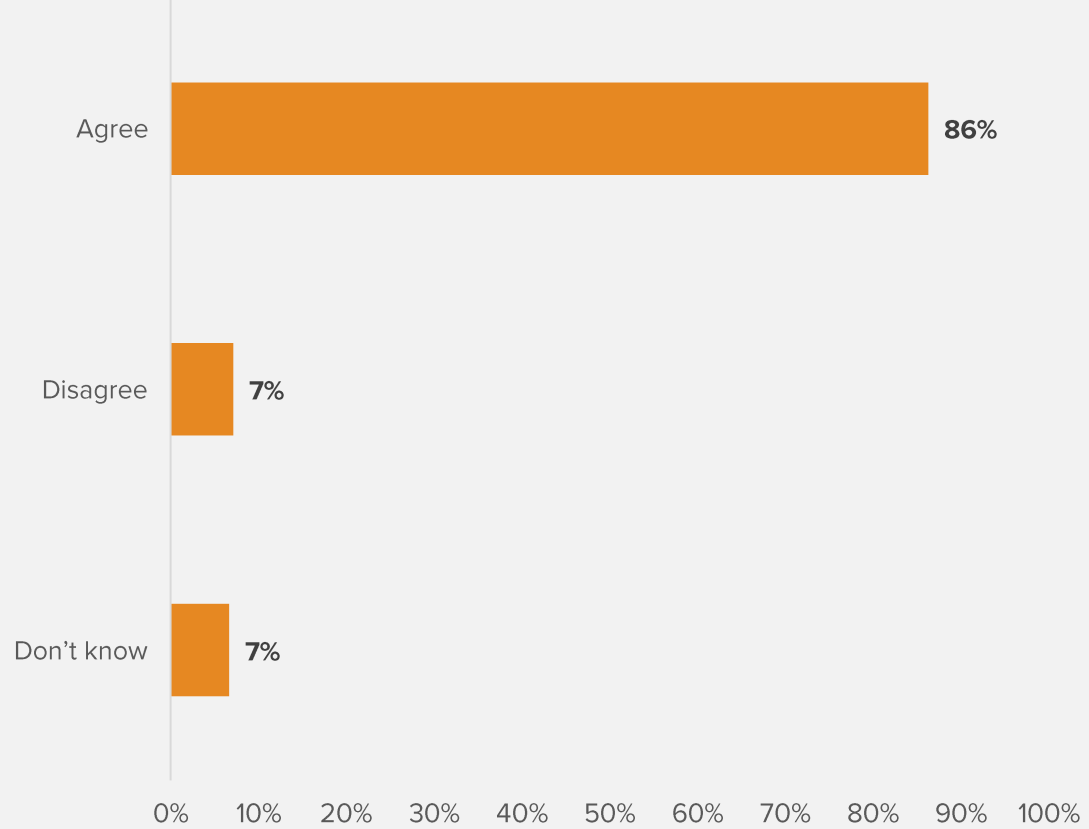
# APPROACH TO MAKING CLAIMS

If the science is there to substantiate stronger claims, should a brand be allowed to make those claims? YES, screamed the majority of our respondents with 86% agreeing with the question.

This is all hypothetical but it does provide some interesting context as discussions continue to swirl around modernizing the Dietary Supplement Health & Education Act (DSHEA) and what a DSHEA 2.0 should include.

The key to this conversation advancing is having the science to support the claims. Without the science, calls for stronger claims or a relaxing of what can and cannot be said will be met with derision by industry critics. The industry must be able to show that the science is there.

## BRANDS SHOULD BE ALLOWED TO MAKE STRONGER CLAIMS IF THE SCIENCE CAN REASONABLY SUBSTANTIATE THOSE CLAIMS



# BEYOND IMMUNITY

The immune support category has obviously been 2020's big winner, but what else has seen a surge in consumer interest?

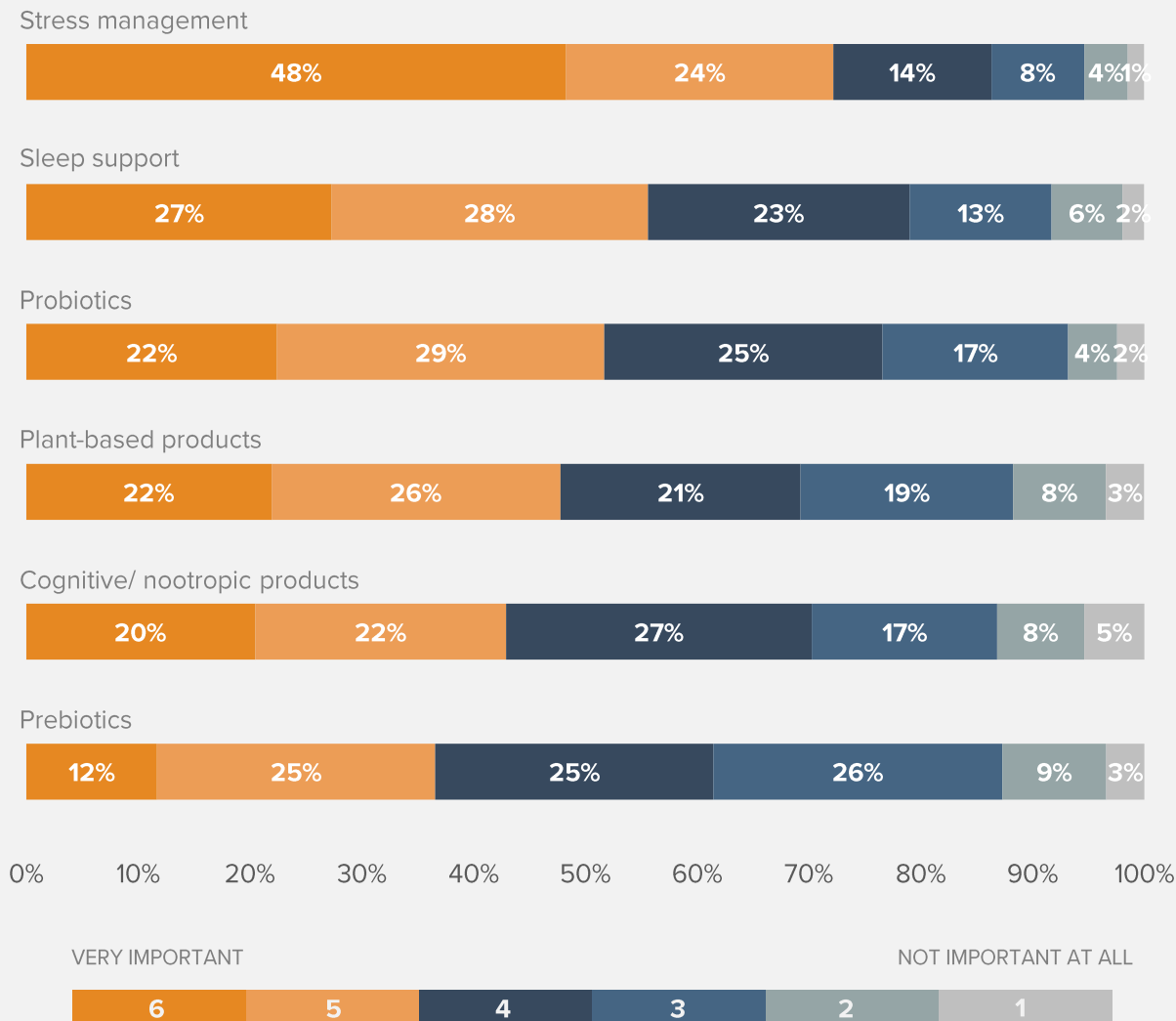
Stress management was the next big winner, according to our respondents, with 72% ranking it first or second as a big winner for 2020.

Related to this, this was followed by sleep support with 55% ranking it first or second.

Probiotics came third with 51%, probably linked to the immune health benefits, and overall health halo of the beneficial bugs.

Plant-based came fourth, with 48% ranking it first or second.

## BEYOND IMMUNITY, WHICH OTHER HEALTH POSITIONING ARE BIG WINNERS IN 2020



## 2020 BIGGEST LOSER

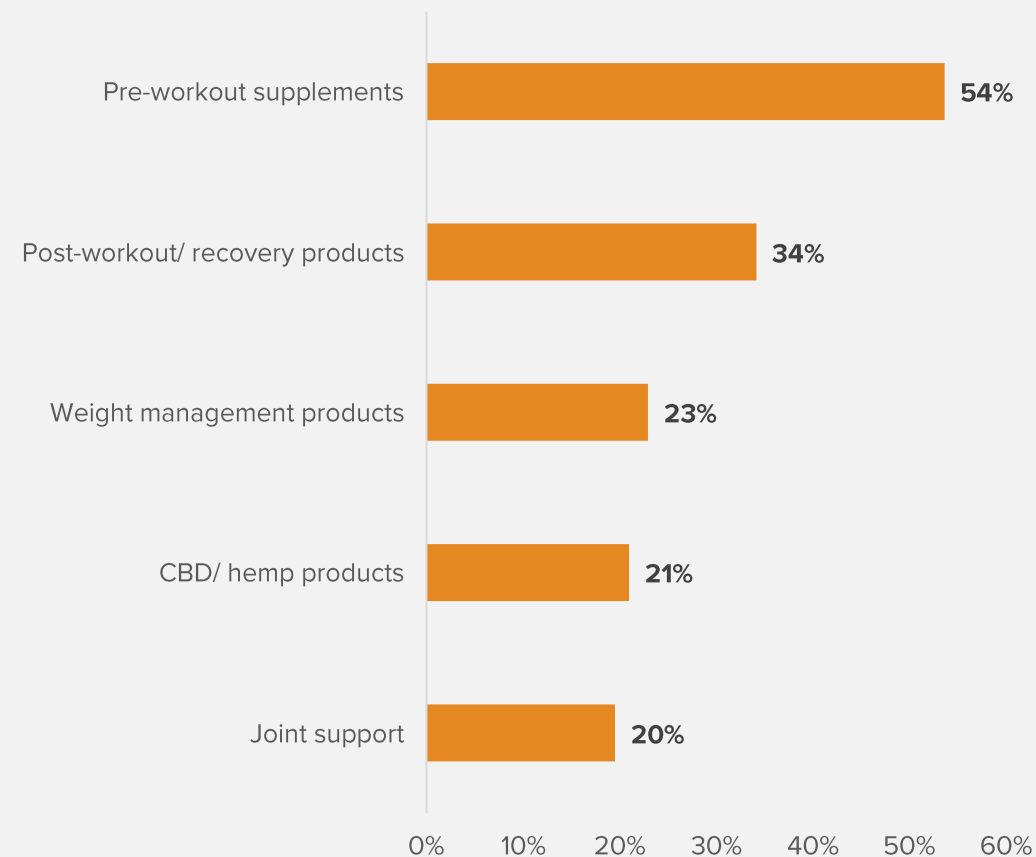
From the winners to the losers. As gyms closed and people sheltered in place, there were reports that the sports nutrition category in general was being detrimentally affected.

Indeed, backing up what NutraIngredients-USA has heard directly from contacts, the pre-workout segment was the biggest loser in 2020, with 54% of respondents.

This was followed by post-workout/ recovery products with 34%, and then weight management products with 23%.

SPINS reported earlier in the year that sales of CBD/ hemp products had plateaued following several years of explosive growth, with consumers focusing their dollars on immune support, general nutrition (multivitamins), and so on. Indeed, 21% of our respondents saw CBD/ hemp as 2020's big loser.

## WHICH CATEGORIES ARE THE BIGGEST LOSERS IN 2020?





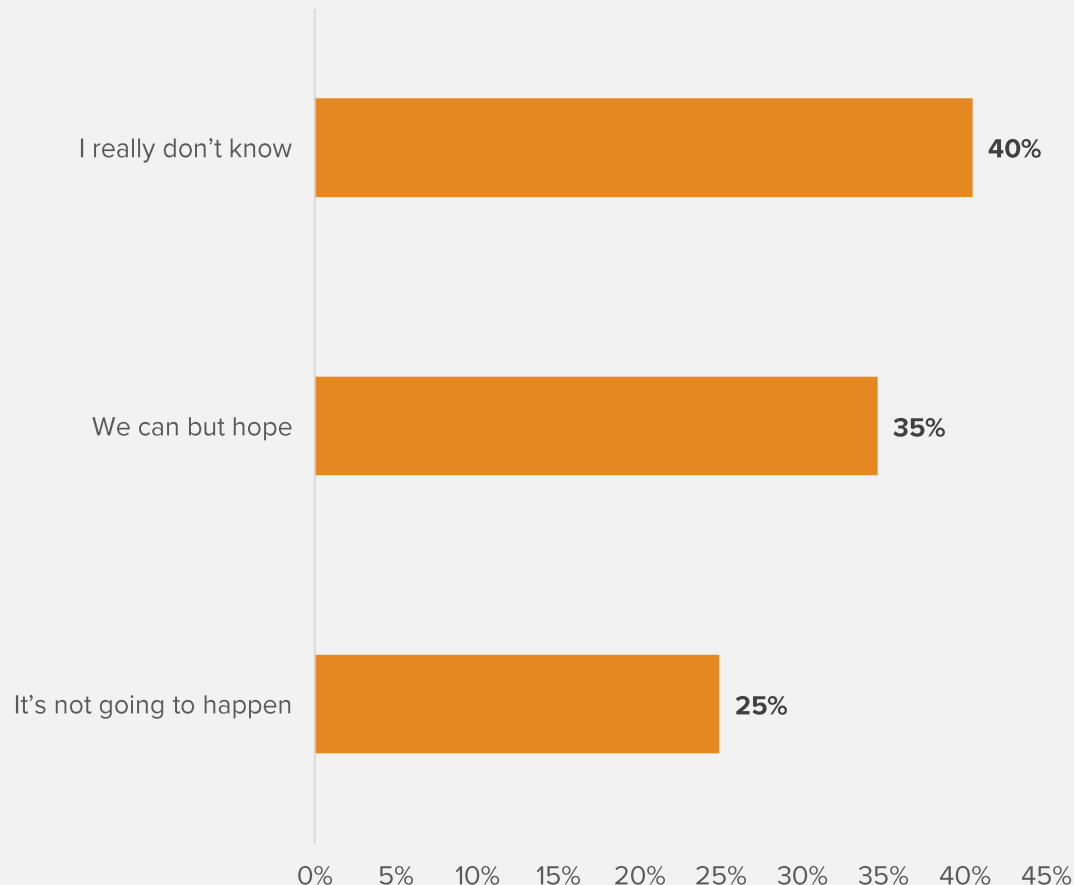
# NDI GUIDANCE PENDING

FDA released the first New Dietary Ingredient (NDI) draft guidance in 2011. Almost a decade later we're still waiting for a final guidance (don't forget they issued a revised draft guidance in 2016)

FDA hosted a public meeting on the NDI issue in May 2019, and there were some who predicted the Agency must be close on delivering a final guidance document.

The overall industry sentiment is a mixture of optimism and realism, with 35% hoping that we'll see the final version before the end of this year, but 40% stating they just don't know: FDA has kept us waiting this long, but this is 2020 after all...

## WE EXPECT TO SEE A FINAL VERSION OF THE NDI GUIDANCE FROM THE FDA IN 2020



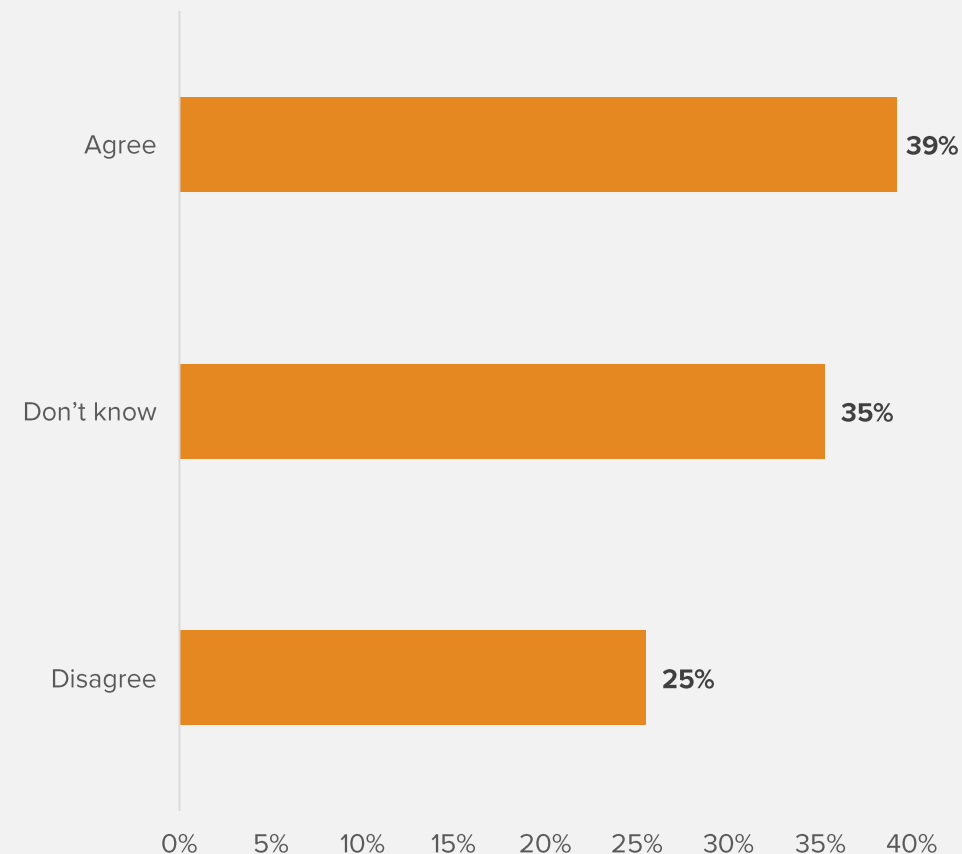
## CBD PRODUCTS ON THE HORIZON

Despite ongoing regulatory uncertainty and an emerging patchwork of State initiatives, products based on CBD/ hemp were the top selling herbal supplement in the natural channel and number 9 in the mainstream channel, with over \$126.5 million in sales, according to *Herbalgram 127*.

2020 saw a slowing in these sales as consumers focused their dollars on immune support products and supplements to maintain general health, like multivitamins and probiotics.

FDA continues to move slowly, even with political pressure growing on the Agency to resolve the issue. An announcement that FDA will accept CBD as a lawful dietary ingredient would be huge, and numerous companies are obviously waiting for such a declaration, with 39% of respondents saying their company would launch a CBD/ hemp product if FDA gives a green light. However, 35% said they didn't know, and a quarter of respondents said no.

### IF FDA ACCEPTS CBD/ HEMP AS A LAWFUL DIETARY INGREDIENT, MY COMPANY WOULD LAUNCH A CBD LINE



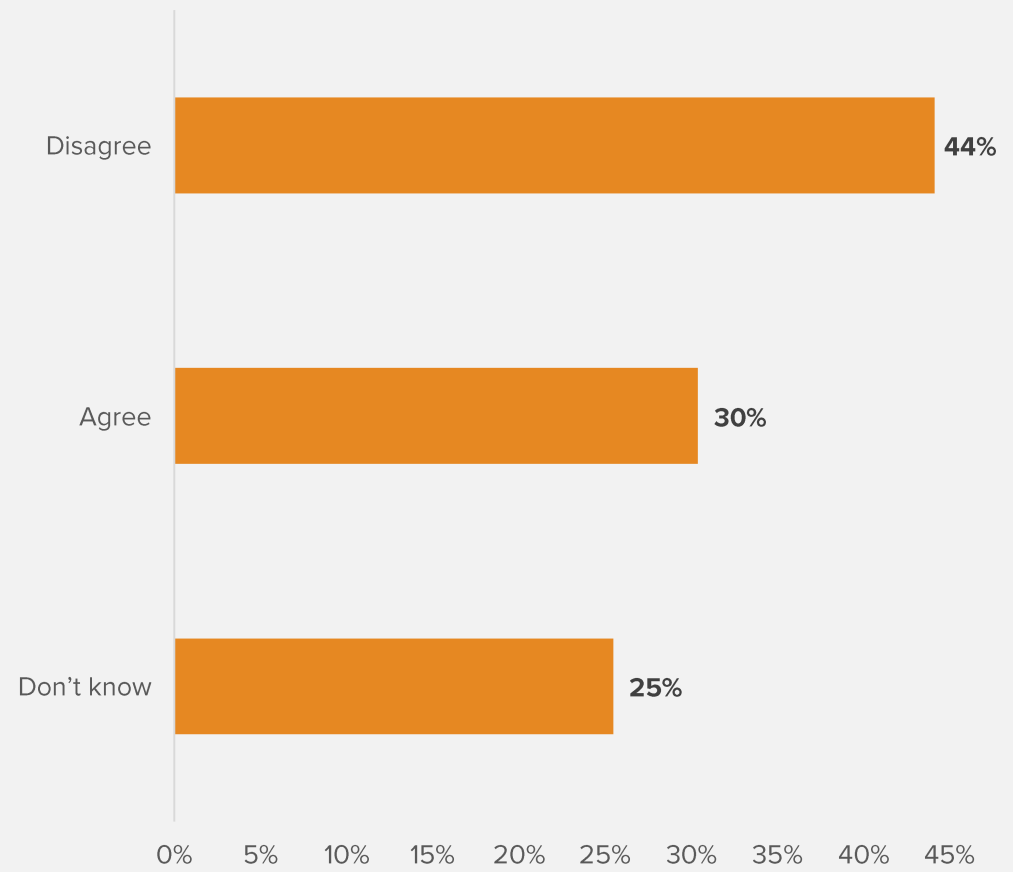
# CBD PRODUCTS ON THE HORIZON

While there are already a vast number of CBD-based products on the market despite the regulatory grey areas, 44% of our respondents said they are not already exploring the potential of a CBD line without regulatory certification, showing a cautious approach by these respondents.

On the other hand, 30% agreed that they were already working on CBD/ hemp-based products.



## WE ARE ALREADY EXPLORING THE POTENTIAL OF A CBD LINE WITHOUT REGULATORY CLARIFICATION IN THE NEAR FUTURE



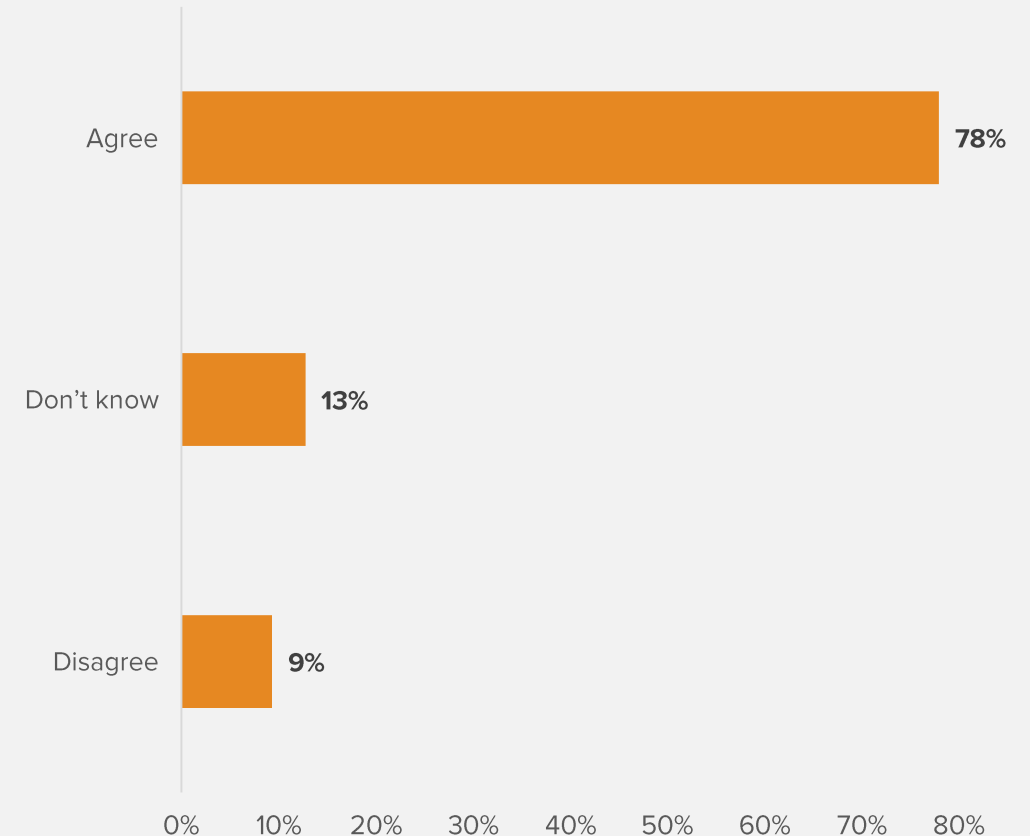
## CONSUMER CONFIDENCE IN SUPPLEMENTS

This is a question that is regularly asked to consumers by the Council for Responsible Nutrition's annual survey, but we wanted to gauge our industry respondents' opinion.

Clearly our respondents are bullish about consumer confidence and trust in dietary supplements products. This may be informed, in part, by the surging sales of dietary supplement products that we've witnessed in 2020, as existing consumers increased their supplement usage, and new consumers turned to the products to support their health and wellness.

And all this despite on-going negative coverage of the products by many mainstream news outlets. All this bodes very well for 2021.

### DESPITE ONGOING NEGATIVE MEDIA, CONSUMER CONFIDENCE AND TRUST IN DIETARY SUPPLEMENT PRODUCTS IS INCREASING.



# ABOUT OUR SURVEY PARTNER



**Performance and quality, always delivered.**

At DuPont Nutrition & Biosciences, we understand dietary supplements. Backed by decades of expertise and a vast portfolio of solutions, we collaborate with supplement manufacturers and brand owners to turn natural sources into shelf-ready products in a variety of application forms. Whether you're searching for "clean-label" and great tasting gummies, plant-based supplements, or consumer-friendly capsules, we're here to help every step of the way.

 [LEARN MORE ABOUT DUPONT](#)



# ABOUT NUTRAINGREDIENTS-USA

William Reed's NutraIngredients brand has been the leading online news source for the nutrition industry for more than 15 years, leveraging our digital-first position to bring powerful insights and robust information to help your business succeed.

Our team of award-winning journalists deliver daily news, analysis, online and face to face events, podcasts and video coverage of the issues and stories impacting decision makers in the functional food and dietary supplement industries.

NutraIngredients-USA provides a 360-degree view of the functional food and supplement market in North America, spanning everything from investment, incubation and innovation, to ingredients, food science and product formulation, labelling, litigation, regulation, consumer trends, new products and new technology.



**249.7K**

Unique Monthly Users



**41.7K**

Email Subscribers



**19.5K**

Social Media Followers

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For more information on NutraIngredients-USA comprehensive marketing solutions that complement your traditional programs, please contact us today.



### **Stephen Daniells, PhD**

AMERICAS Editorial Enquiries

Stephen.Daniells@wrbm.com

+1 312 284 8581



### **Darrin Grove**

AMERICAS Commercial Enquiries

Darrin.Grove@wrbm.com

+1 312 284 8574



### **Tim Evans**

EMEA Commercial Enquiries

Tim.Evans@wrbm.com

+44 1293 610353

