2022 Watchlist: The Future of Health and Wellness in the U.S. Awaits

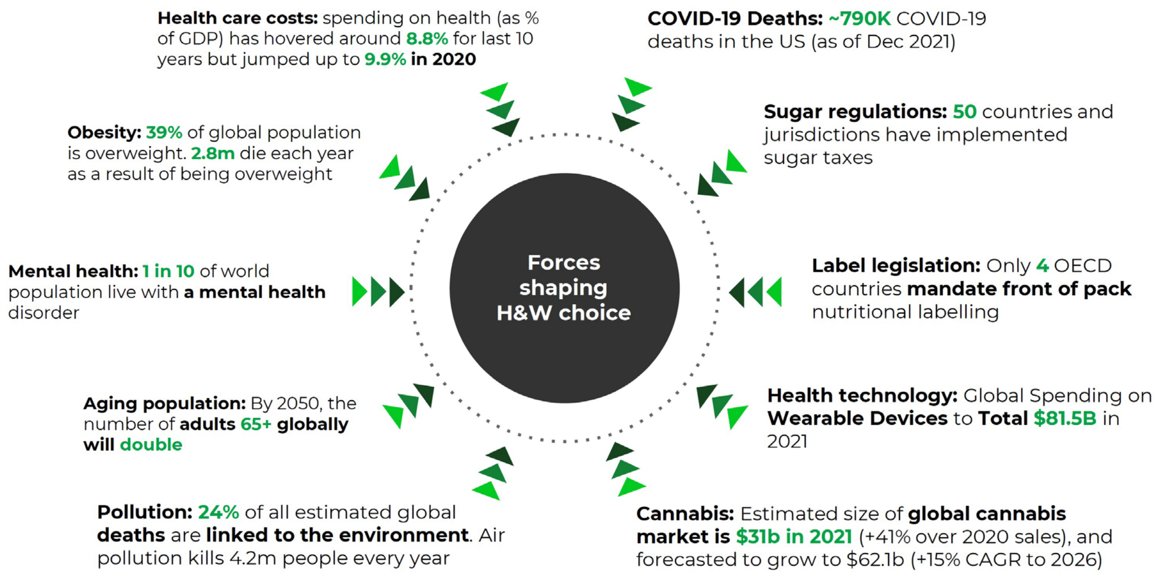
NielsenIQ

In the years after the onset of COVID-19, NielsenIQ possesses a deeper understanding of the forces disrupting the health and wellness landscape. Wellness has broadened beyond personal health to include collective and planet health. As a result, its importance has profoundly accelerated. Citizens now consider public health to be a right that should be protected, and they also understand the environment is part of the equation. Governments are spending billions to keep their citizens safe from pathogens and to reinforce country infrastructures against extreme weather. For example, in March 2021, the U.S. Congress passed a $1.9 trillion economic rescue package.[1] With the rise of personal health needs and environmental issues increasingly impacting public health, consumers are rethinking the choices they make now that correlation and causation between public health and quality of life is evident.

Forces unleashed

In this new era of health and wellness, the virus is not the sole force of change—it is the impetus. As consumers huddled at home with families and engaged with the world through screens and redefined commuting habits, they were also ushered into a period of renewal and reflection. According to a 2021 NielsenIQ Global Health & Wellness Study, 51% of respondents say access to public or universal healthcare has become more important to them in the past 2 years and 61% agree environmental issues are having an adverse impact on their current and future health. Mental health, obesity, pollution, and aging all fuel a sense of wellbeing. This paradigm shift beyond physical wellbeing requires companies to address and exceed the fluid nature of consumers' wellness expectations. In fact, there is a great opportunity for companies that meet consumers' fundamental need for protection. 66% of consumers would pay more for products with hygiene/safety/protection claims or practices based on the aforementioned NielsenIQ study.

Forces disrupting the health and wellness landscape



Sources: OECD | Obesity Evidence Hub | OECD | Gartner | BDSA | World Health Organization | United Nations | Our world in data | World Health Organization

1 Rappeport, Alan. "Pandemic Spending Pushes U.S. Budget Deficit to $1.7 Trillion." The New York Times, The New York Times, 3 Dec. 2021, https://www.nytimes.com/live/2021/04/12/business/stock-market-today

The omni-cart beckons

The chief value of wellness as a category is a result of the incremental growth across both channels and verticals. Trends have shown strong growth in organic and clean label attributes from conventional retailers from pet to beauty; however, e-commerce's steady growth in health-aligned products surpassed pre-pandemic expectations. NielsenIQ e-commerce measures of the U.S. market show that health-aligned products, such as over-the-counter remedies or nutritional drinks, are seeing sales (+31%) and buyer growth (+14%) exceeding that of the already booming industry topline (+27% in sales, +5% in buyer growth). Subscription services sales have increased an impressive 50% year-over-year. According to NielsenIQ's U.S. omni-panel health data, food and personal care products exhibited a market expansion in omnichannel. There is interest across demographics to shop across channels—only 25% of e-commerce food dollar sales growth was due to shifted volume from other channels.

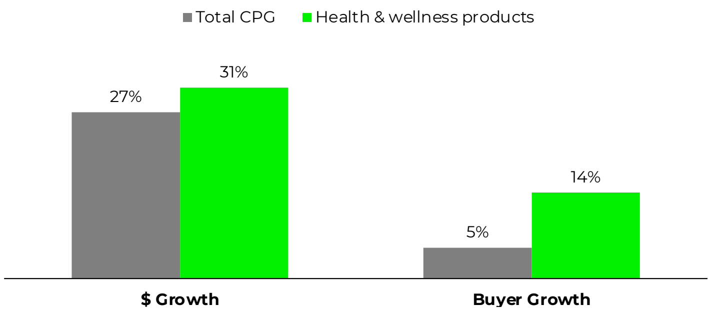
Wellness is ubiquitous

Channel shifting/blurring and E-commerce brings incremental growth

	Share of wallet chg.
Conventional grocery	▲
Premiere fresh grocery	▼
Value grocery	▼
Mass merch w/ supers	—
Warehouse club	▲
Online shopping	▲▲
Drug stores	▼
Home improvement	—
Dollar stores	▼
Liquor stores	▲
Pet stores	—
Beauty supply	—

+50%
Growth in Health & Wellness products purchased on subscription

+31%
Growth in total CPG products purchased on subscription



Only 25% of online food growth for health-related products was due to shifting volume from other channels

Source: NielsenIQ Homescan Panel – Trip projected, Share of Wallet, Total US All Channels; L52 weeks W/E 11/13/21 vs 2YA
NielsenIQ E-commerce Measurement, Total US, 52 weeks ended Aug. 28 2021 vs. year-ago; NielsenIQ omnipanel, Brand shifting analysis, 48 weeks ended Aug. 14 2021 vs. 48 weeks ended Sept. 12, '20

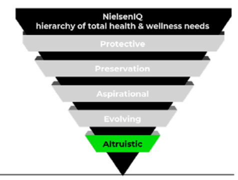
The search for a coping mechanism

Physical and environmental wellbeing exerts a heavy influence on emotional wellbeing. The prolonged period of uncertainty over the past several years underscored the importance of reducing stress and anxiety. As a result, focusing on improving sleep and mental health has become a major part of wellness. Destigmatizing mental health is a major public health priority, as we move past "blaming, ostracizing and isolating" people with mental and behavioral as athletes like Simone Biles[2] and Naomi Osaka[3] step down from their sports and refuse to perform under crippling pressure. Women's emotional mental health challenges mounted as many are responsible for working while child-rearing and fulfilling household duties. Today, 54% of women feel

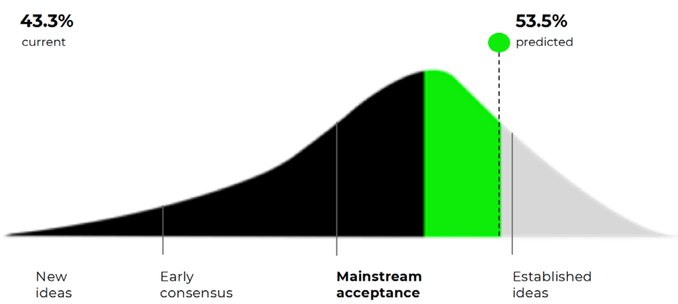
2 Park, Alice. "The Tokyo Olympics Changed the Conversation about Mental Health." Time, Time, 8 Aug. 2021, https://time.com/6088078/mental-health-olympics-simone-biles/
3 Blinder, Alan. "With Her Candor, Osaka Adds to Conversation about Mental Health." The New York Times, The New York Times, 1 June 2021, https://www.nytimes.com/2021/06/01/sports/tennis/mental-health-osaka.html#:~:text=Osaka%2C%20the%20highest%2Dpaid%20female,spoken%20out%20about%20mental%20health

that emotional mental health is more important than 2 years ago, compared to 46% of men, according to a NielsenIQ Future Pulse Survey. As consumers grapple with a changing definition of vulnerability, advocating for self-care in its many forms takes precedence. In a NielsenIQ Global Pulse Survey, 56% of US consumers consider mental health to be more important for them. Many consumers are turning to products across the store to meet their anxiety support (+38%), mood and stress health (+24%), and sleep support (+37%). One of our connected partners, Helio by CircleUp, examined top ailments mentioned in Amazon category reviews across personal care and identified anxiety, attention, and calm topping the list. Mental health is not limited by category either, as “calming” searches in the pet category rose by 65% compared to 2020. Empowering the consumer to seek out mental health support solutions is a major opportunity across categories.

U.S. consumers reach consensus on the meaning of altruism



Microculture Maturity Curve
Health & Wellness in the context of “Altruism”



Microculture	Key Topics	Maturity
Aging with dignity	Senior care, small acts of service, community care	**50.6%**
Mental health advocacy	Mental wellbeing, de-stigmatizing, stressors	**44.4%**
Social bonds	Social health, interaction for health benefits	**41.2%**
Healthy eating for all	Nutritional diet, better eating for health of community	**37.0%**
Sustainable wellness	Sustainable lifestyle, support environment and own sense of wellness	**33.9%**

Source: MotivBase, a NielsenIQ Connected Partner

As detailed in the figure, U.S. consumers reached a consensus on the meaning of health and wellness altruism. In the altruistic tier of the consumer hierarchy, MotivBase, a NielsenIQ connected partner, concludes that there is a longer runway for altruistic innovation tied to the U.S. microculture of eating for optimal health, which has an estimated 37% maturity and expectations of 13% predicted growth among the number of people who are relevant to this topic. According to MotivBase benchmark studies, the key time to launch a solution into market is when a demand space falls between 33% to 55% on the maturity curve. Now is an opportunity to innovate and build on current motivations and values, which are centered around social health, obesity, and the disparity in access to healthy and nutritious food in America.

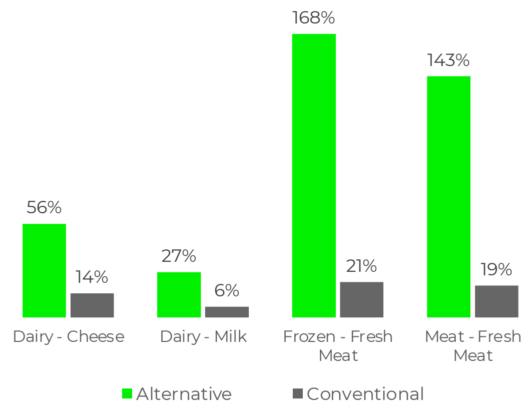
Room to grow: Plant-based living

Plant-based living is one of the simple ways to benefit both the individual and the planet. The World Health Organization touts the benefits of a plant-based diet. A Stanford University report indicates “plant sources can reduce body weight, blood pressure and risk of heart disease, cancer and diabetes—and it can make your environmental impact more sustainable."[4] The plant-based diet is arguably part of the "food as medicine" function, which grew 10% in the U.S. since 2019 according to NielsenIQ Retail Measurement and NielsenIQ Product Insight. With 35 million diabetic consumers—or 1 in 10 Americans and 88 million pre-diabetic consumers (1 in 3)—plant-based presents an interesting opportunity across the store.

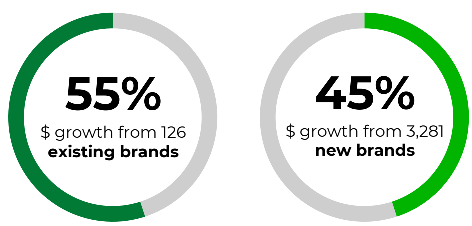
Today, consumers are trying a novel approach as "flexitarians." There are no longer two separate realities—dieting or simply not—on opposite ends of the scale. Instead, it is about bridging the difference. For example, NielsenIQ Product Insight indicates a 17% dollar sales growth in vegan products but only 2% of Americans adhere to the diet. Americans are hoping to reshape their eating habits by borrowing the principles found in plant-based diets and enjoying it a la carte. Consumers take a proactive approach to health management by adding and deleting ingredients and categories based on their personalized health needs, whether it's embracing meatless Mondays or abstaining from eggs.

This shift in interest is prompting strong demand in plant-based proteins, with online search results for vegan products growing by an estimated 7.0 million. While conventional dairy makes up the majority of the total market at 15%, NielsenIQ sees double- and triple-digit growth in alternative proteins. Plant-based is a democratized opportunity for brands with 55% of growth from existing brands and 45% from emerging brands. In the past year alone, NielsenIQ notes 549 searches for plant-based, but still finds that 16% of products that are qualified to make the claim are not yet making it. Plant-based alternatives should also deliver key benefits like taste, clean label, minimal processing, less salt, and less sugar. There is a spillover a la carte effect from keto, with most consumers looking to cut back on sugar (5.1M searches) and carbohydrates (1.4M searches for low carb). In beverages and alcohol, alcohol-free had +131% sales growth, along with a +114%

Alternative vs Conventional Proteins



% Total Plant-Based Protein



"Plant-based"
>549K searches* | +13%
Food & Beverage

Sales Growth vs 2 YA | Total Store

Food & Beverage Plant-based diet	Stated	**+49%**
	Qualified	**+15%**
Vitamins / OTC Plant-based formula	Stated	**+66%**
	Qualified	**+98%**
Beauty / Personal Care Plant-based formula	Stated	**+39%**
	Qualified	**+67%**
Pet Care Plant-based formula	Stated	**+7%**
	Qualified	**+3%**

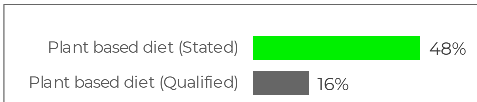


Image Source: NielsenIQ Retail Measurement Services, NielsenIQ Product Insight, powered by Label Insight, Total Store; Total US xAOC; L52 weeks W/E 11/27/21 vs 2YA
*Label Insight search data, annual searches, from Amazon, Shipt, Target, Walmart, Kroger

4 University, Stanford. "Embracing a Plant-Based Diet." Stanford Report, 6 May 2021, https://news.stanford.edu/report/2021/05/06/embracing-plant-based-diet/

increase in searches for low & reduced alcohol. Overall, consumers are looking to reset from abrupt, restrictive diets and seek out sustainable and sensible long-term changes in healthier eating.

A clean sweep of ingredients

As consumers dive deeper into the rabbit hole of Netflix documentaries dissecting what humans put in and on their bodies, “clean label” continues to dominate the lexicon of wellness across categories. Clean label is not constrained by certifications from the government or industry, though it is generally understood that products with fewer ingredients can claim to be clean. As consumers rethink what goes into their products, they also begin to rethink whether a product was treated humanely and the impact their demand has on the environment. There is an overlap between clean label and sustainability, as more consumers search for pasture-raised (+54%), free-range (+32%), wild-caught (+24%), and cage-free (+15%). Shoppers breathe easier when they can quickly discern if their product purchase is healthy for themselves and the planet.

Clean label definition continues to evolve

	Qualified	Stated
Free from RBST	+14%	+15%
Free from hormones	+14%	+20%
Free from artificial flavors	+15%	+16%
Free from artificial colors	+15%	+15%
Free from artificial fragrance	+15%	+31%
Free from artificial sweeteners	+15%	+25%
Free from artificial preservatives	+15%	+17%
Free from antibiotics	+14%	+27%
Free from high fructose corn syrup	+15%	+17%
Count of ingredients 1-5	+15%	--
Count of ingredients 6-10	+16%	--
Count of ingredients 11-15	+14%	--
Count of ingredients 16-20	+11%	--

	Qualified	Stated
Organic	--	+19%
Non-GMO	--	+22%
Free from gluten	+16%	+19%
Free from sulfates (Personal Care)	+7%	+46%
Free from parabens (Personal Care)	+10%	+42%
Free from SLS (Personal Care)	+7%	+14%
Free from phthalates (Personal Care)	+22%	+50%
Free from aluminum	+8%	+71%
Free from preservatives	+15%	+13%
Free from sulfites	+104%	+11%
Free from filler	+14%	+16%
Recognizable ingredients	+16%	--
Hypoallergenic	--	+20%

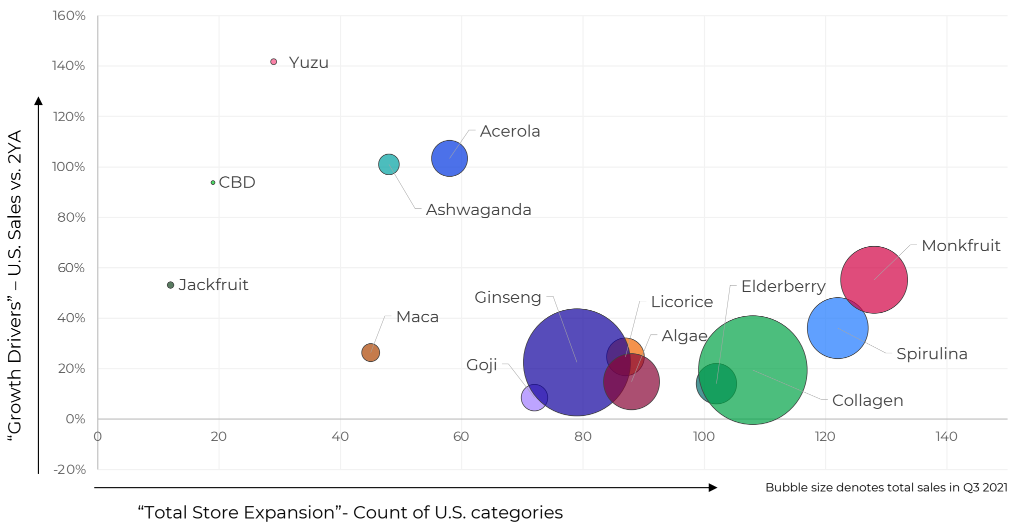
Source: NielsenIQ Retail Measurement Services, NielsenIQ Product Insight, powered by Label Insight, Total Store; Total US xAOC; L52 weeks W/E 11/27/21 vs 2YA

Consumers are reaching for another way to take control of their health: ingredients written in easy-to-understand terms reassure and empower the consumer. Removing formerly commonplace ingredients like artificial colors, preservatives, sulfates, aluminum, and parabens reinforce a natural claim. Natural searches continue to grow online with stated “free from” claims leading overall consumer interest, such as artificial fragrance (+31%), antibiotics (+27%), artificial sweeteners (+25%), and hormones (+20%). In beauty, search trends for “free-from” appear to be on the decline along with fragrance-free (-21%), paraben-free (-7%), and sulfate-free (-6%) but as Anna Mayo notes, the sales for products with these attributes remains strong, indicating that “free-from” terms are necessary.

In a deeper dive into high-growth ingredients, NielsenIQ has examined sales growth and proliferation across the store. Ingredient popularity can stem from ancient wisdom, as indicated by the growth of turmeric (+24% versus 2 years ago). Manufacturers are looking for unorthodox ingredient incorporations to meet consumer needs: collagen, an ingredient often found in beef broth, made its way into beauty and personal care; spirulina, a superfood commonly used as a smoothie booster, is now in baked goods and toothpaste; adaptogens, herbs to help reduce anxiety and stress, are distilled into alcohol categories. The return to the sound advice of "food is medicine" is an extension of consumer empowerment.

High growth ingredients to know

Hitting the sweet spot of high growth and rapid category expansion



Turmeric
408 categories
$4.8B sales
+24% vs 2YA

Ginger
371 categories
$1.4B sales
+35% vs 2YA

Source: NielsenIQ Retail Measurement Services, NielsenIQ Product Insight, NielsenIQ Emerging Trends, powered by Label Insight, Total Store; Total US xAOC; Quarterly data Q3 2021 vs 2YA

Do something drastic—cut the plastic

The race for sustainable packaging solutions is well underway as demand for a circular economy grows. On the heels of the COP26 climate summit, countries pledged to phase out single-use and non-biodegradable plastic bags and packaging amid growing pressure. Ultimately, power to reduce plastic waste in favor of sustainable packaging falls on consumers and corporations, as many U.S. states already have preemptive laws preventing the ban of plastics.[5] The tactic, formerly used by tobacco lobbyists, can be reversed—Colorado became the first state to repeal the laws.[6] Recyclable packaging is an area of opportunity for all categories. With growing trends like 100% recycled paperboard and biodegradable materials worth $14.5B and $7.9B, respectively, and developing trends like plastic-free worth $192.0M with 75% growth, corporations are tasked with offering sustainable solutions to improve both their bottom line and the planet.

5 Leber, Rebecca. "An 'Attack on American Cities' Is Freezing Climate Action in Its Tracks." Vox, Vox, 29 Sept. 2021, https://www.vox.com/22691755/gas-utilities-fight-electrification-preemption
6 Povich , Elaine S. "Colorado to Become First State to Reverse Ban on City Plastic Bag Laws." The Pew Charitable Trusts, 17 June 2021, https://www.pewtrusts.org/en/research-and-analysis/blogs/stateline/2021/06/17/colorado-to-become-first-state-to-reverse-ban-on-city-plastic-bag-laws

Sustainable packaging is an area of opportunity across store

Recyclable is becoming baseline

		$ % C2YA	$ Volume
Proven trends	**Total Store**	**+14%**	
	Sustainable Packaging	**+12%**	**$51.3B**
	Recyclable**	+16%	$264.4B
	Recycled Packaging	+8%	$35.8B
	Recycled Packaging Content	+8%	$27.0B
Growing trends	**100% recycled paperboard**	+7%	$14.5B
	Biodegradable	+6%	$7.9B
	Terracycle	+23%	$6.9B
Developing trends	**Tetra pak certified**	+22%	$2.1B
	Renewable Packaging Content	+73%	$287.5M
	Plastic-Free	+75%	$192.0M

'Stated' claims on package

Packaging search trends*

+94%
Plastic free
Personal Care

+74%
Refillable Packaging
Personal Care

-11%
Disposable
Personal Care

Source: NielsenIQ Retail Measurement Services, NielsenIQ Product Insight, powered by Label Insight, **Total Store**; Total US xAOC; 4W trended W/E 9/11/21; L52 weeks W/E 11/27/21 vs 2YA
*Label Insight search data, annual searches, from Amazon, Shipt, Target, Walmart, Kroger
**Recyclable is not included in the "Sustainable Packaging" total attribute

Consumers no longer take health for granted. In partnership with the options provided in product choice, shoppers are taking matters into their own hands to ensure their actions align with their values. Corporations are tasked to aim higher to meet the massive shift in preferences as the definition of health evolves. NielsenIQ Product Insight ensures the codification of product attribution according to search, sales, and panel for a well-rounded understanding of your brand's stake so you can isolate your next opportunity.

Unlock your opportunity in total wellness

See the broadest and deepest product attribute coverage in the market.
Get a custom discovery and demo.

Book a demo

NielsenIQ

Who is NielsenIQ?

NielsenIQ is the leader in providing the most complete, unbiased view of consumer behavior, globally. Powered by a groundbreaking consumer data platform and fueled by rich analytic capabilities, NielsenIQ enables bold, confident decision-making for the world's leading consumer goods companies and retailers.

Using comprehensive data sets and measuring all transactions equally, NielsenIQ gives clients a forward-looking view into consumer behavior in order to optimize performance across all retail platforms. Our open philosophy on data integration enables the most influential consumer data sets on the planet. NielsenIQ delivers the complete truth.

NielsenIQ, an Advent International portfolio company, has operations in nearly 100 markets, covering more than 90% of the world's population. For more information, visit **nielseniq.com**.