NielsenIQ

Emerging Wellness Brands | A Look Ahead

Top Wellness Trends to Watch in 2023

Wellness trends have seen strong growth in the past few years, but how does inflation impact them?

Introduction

In January, Sherry Frey, Vice President of Total Wellness at NielsenIQ hosted a webinar diving into the trends we're seeing emerge in 2023.

To make the valuable information she shared even more actionable for emerging brands, we've broken it out into this easy-to-use eBook covering the shift in Wellness and consumer behaviors.

They're making different choices around what they're putting in, and on their bodies, using in their homes, and feeding their families and pets. People are thinking about their health today for their health tomorrow.

One of the biggest takeaways is that wellness is personal. Wellness is social. Wellness is environmental.

Wellness is no longer a niche. We're all wellness – not just as consumers, but as people.

This means that understanding wellness is key for every company, transcending every category in the store.

Plain and simple: healthy humans drive growth. Even inflation and the possibility of a full recession aren't able to stop this from being true.

Some of the key topics we'll cover in this eBook are:

- How consumers are approaching healthy living
- What behavioral changes you can expect in an inflationary climate
- What forces will are shaping the health priorities of shoppers
- The top wellness trends to watch in 2023

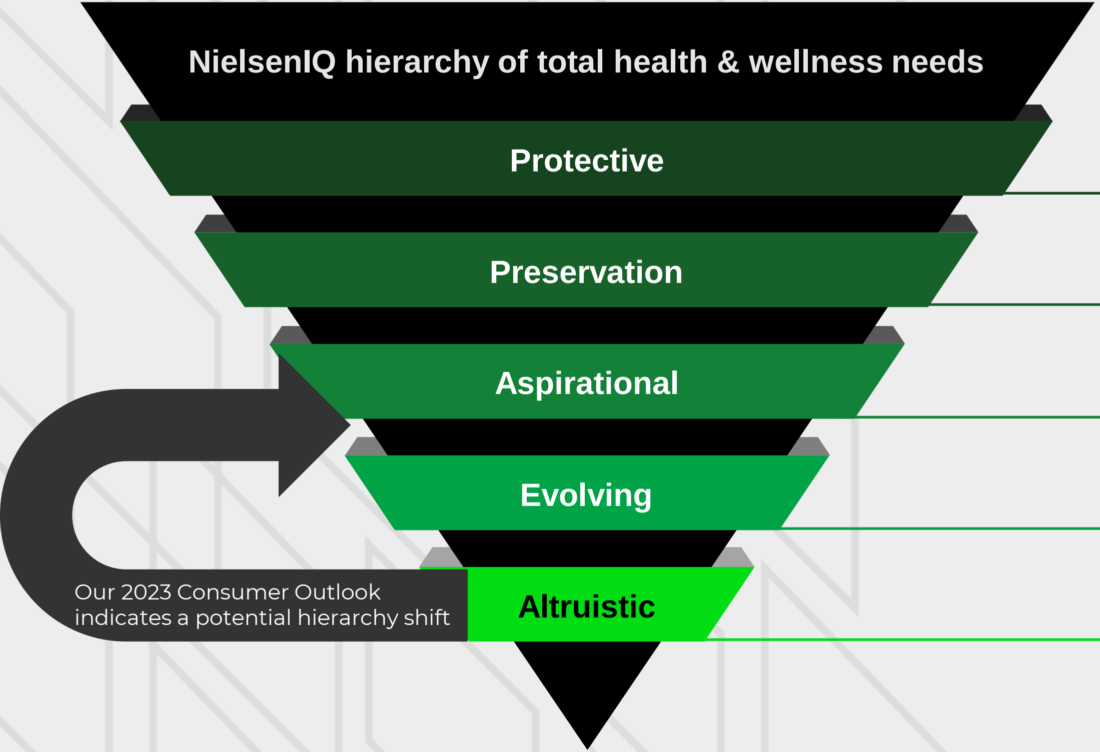
+80%

growth vs 3YA in products with the stated claim "contains monk fruit"

(Sources: NielsenIQ Look Ahead Webinar)

Consumer Health and Wellness Heirarchy

Their needs have evolved beyond the basics of physical wellbeing



Urgent care
Protecting myself and/or my family members from immediate health threats.

Self care
Improving my and/or my family's **current** physical or emotional wellbeing and connections.

Preventative care
Proactive actions to achieve & maintain specific health goals, or helping to avoid ailments in the **long-term.**

Innovative care
Seeking out the latest alternatives or developments to continuously meet my and/or my family's health & wellness goals.

Selfless care
Improving the world around me by advocating for environmental, ethical, humanitarian, and/or philanthropic causes.

Wellness Consumers Protective Needs

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Protective Needs are the #1 Concern

The growth of wellness brands and product attributes is intrinsically tied to consumers' desire to protect themselves or their family from immediate health risks.

In today's market, of particular concern is continued COVID mutations and the amount of harmful ingredients in consumer products.

For example, with diabetes on the rise, sugar content in food is something that consumers are taking notice of.

COVID Increased these Needs

As the COVID pandemic caused havoc across the globe, consumers were forced to adapt to a new lifestyle and began to take their health more seriously.

Luckily, the COVID average death rate has dropped **-74.8%** in the past year. That's a significant drop, and one that's bringing some much-needed relief.

But the lessons consumers learned during the pandemic look like they're here to stay. Protective needs are now more important than ever as consumers have a renewed understanding of the value of health.

Diabetes by the Numbers

34 million

11% of Americans have diabetes with 21% undiagnosed

88 million

1 in 3 Americans are pre-diabetic (28% of adolescents)

$227 billion

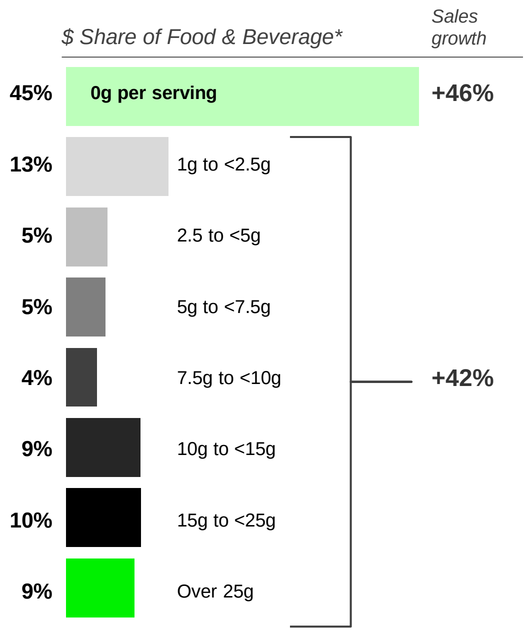
Annual cost of undiagnosed diabetes

(Sources: NielsenIQ Look Ahead Webinar)

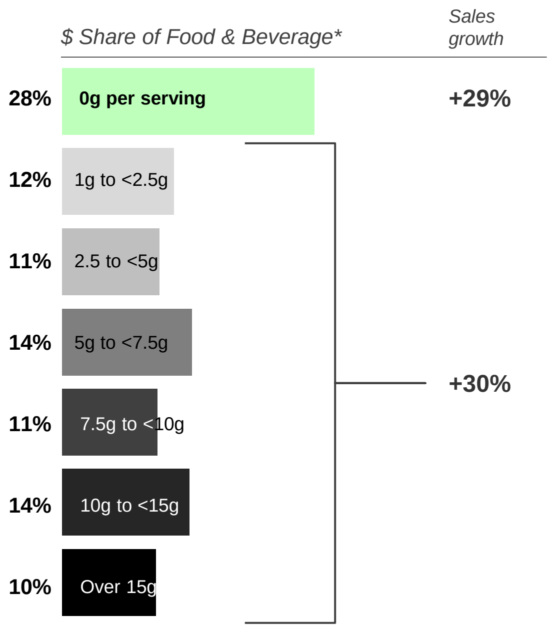
FDA proposed rule for term "healthy" on foods

First defined in 1994, there is currently no limit on added sugars

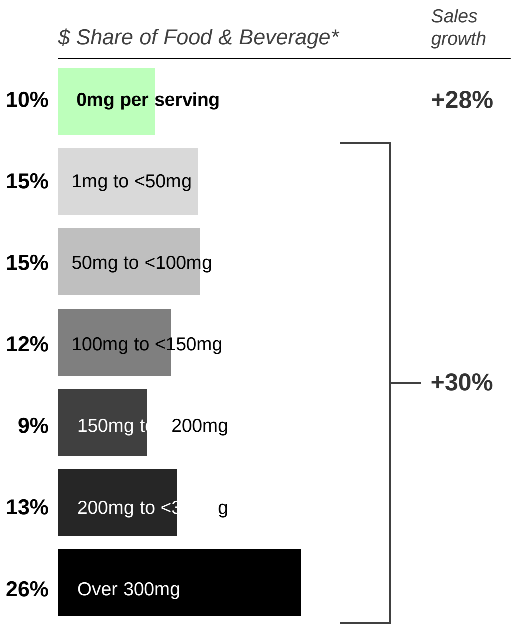
Added Sugar per serving



Total Fat per serving



Sodium per serving



Source: NielsenIQ Retail Measurement Services, NielsenIQ Product Insight, powered by Label Insight, Total Food & Beverage; Total US xAOC; 52 weeks W/E 12/03/22 vs 3YA

Top categories with high added sugars and high sodium

High added sugar per serving (>2.5g)	
Grocery	Beverages
Grocery	Candy, Gum, Mints
Frozen	Desserts
Grocery	Cereal and Granola
Grocery	Cookies and Crackers
Frozen	Prepared Foods
Grocery	Sweet Snacks
Dairy	Yogurt
Dairy	Creams and Non-Dairy Creamer
Grocery	Rolls and Buns
Dairy	Beverages
Grocery	Diet and Nutrition
Grocery	Salty Snacks
Grocery	Baking Mixes
Bakery	Desserts

High sodium per serving (>200g)	
Frozen	Prepared Foods
Grocery	Prepared Foods
Meat	Processed Meat
Grocery	Salty Snacks
Dairy	Cheese
Grocery	Sauce/ Gravy/ Marinade
Meat	Lunchmeat
Deli	Prepared Foods
Frozen	Fully Cooked Meat
Grocery	Cereal and Granola
Frozen	Seafood
Grocery	Beverages
Grocery	Bread
Grocery	Cookies and Crackers
Grocery	Vegetables

Source: NielsenIQ Retail Measurement Services, NielsenIQ Product Insight, powered by Label Insight, Total Food & Beverage; Total US xAOC; 52 weeks W/E 12/03/22 vs 3YA

Wellness Consumers Preservation Needs

Wellness Consumers Preservation Needs

Preservation Needs are All About Self-care

The second-most important need state for most consumers is based on improving their and their family's current physical or emotional well-being and connections. Rather than trying to avoid outside dangers, this is all about maintaining and improving health.

Major issues in this category include avoiding products with negative impacts on health, improving their nutritional intake, and choosing to purchase products created with ethical practices.

Brands can meet consumers' preservation needs by improving product formulation and manufacturing processes and utilizing marketing and product attributes to convey these changes to consumers.

One Major change: Food As Medicine

As we come into a new era for consumers, they are adapting by using food and beverages as medical support. For example, beverage brands are seeing strong growth in sales for function benefit claims.

Top functional benefits for beverages:

- **Energy** - +8.3% growth
- **Muscle health** - +24.6%
- **Metabolism support** - +43.3%
- **Brain health** - -5.7% (only decline in the top areas)
- **Diabetes support** - +6.9%
- **Immune health** - +21.7%

Keep reading to learn more about this shift in consumer behaviors.

(Sources: NielsenIQ Look Ahead Webinar)

Consumers prioritizing various claims when choosing food products

	Avoiding negatives – 67%	Minimal Processing – 48%	Positive Nutrition – 31%	Ethical Practices – 27%
18% and above	▪ Low sugar ▪ No added sugar ▪ No/low sodium ▪ No added hormones ▪ Low carb	▪ No artificial ingredients ▪ Natural ▪ No preservatives	▪ Whole grain ▪ High fiber ▪ Protein content	
Above 10%	▪ Raised without antibiotics ▪ Low calorie ▪ No/low fat ▪ Carb content ▪ Gluten free	▪ Not bioengineered/Non-GMO ▪ Certified organic ▪ No high fructose corn syrup	▪ Vitamin-enriched	▪ Grass-fed ▪ Free-range ▪ Cage-free ▪ Plant-based
Above 5%	▪ Lactose free ▪ No allergens		▪ Antioxidant-rich ▪ Calcium-fortified	▪ Certified humane ▪ Fair trade

FMI/NIQ The Power of Plant-Based Foods and Beverages, 2022, highlighting indicates the sales growth of the attributes in the last 52 weeks is greater than the growth of total store sales

Consumers proactively using food as medicine and supplements

Total Store
+25% | +9%

All Food as Medicine
(Food & Beverage)
+19% | +9%

Vitamins & Supplements
+29% | -1%

$ % chg. vs 3YA | vs YA

$ % chg. vs		3YA	YA
Ailment	Cholesterol support	+26%	+12%
	Obesity support*	+23%	+10%
Relief	Inflammation health	+47%	+8%
	Heartburn & reflux support	+31%	+14%
	Pain support	+28%	+7%
Physical health	Performance supplement	+82%	+28%
	Cardiovascular health	+38%	+5%
	Sexual health supplement	+35%	+7%
	Muscle health	+32%	+18%
	Bone health	+20%	+9%
Mental health	*Details to follow…*		

Top Food as Medicine Categories

Grocery	Beverages
Grocery	Diet and Nutrition
Grocery	Cereal and Granola
Grocery	Nuts and Seeds
Dairy	Milk Products
Dairy	Eggs
Grocery	Performance Nutrition
Dairy	Yogurt

NIQ Trending Attribute Search Trends

energy

10M | +12%

Source: NielsenIQ Retail Measurement Services, NielsenIQ Product Insight, powered by Label Insight, Total Food & Beverage vs Vitamins and Supplements; Total US xAOC; 52 weeks W/E 12/31/22 vs 3YA
All attributes represent claims stated on package unless indicated by an * symbol. Supplements are specific to the vitamins and supplement categories.

Nine out of 10 adults believe there is a mental health crisis

25%

Consumers in NIQ Annual Shopper Health study reported Depression in their household

NIQ Trending Attribute Search Trends within Medicine

anxiety health

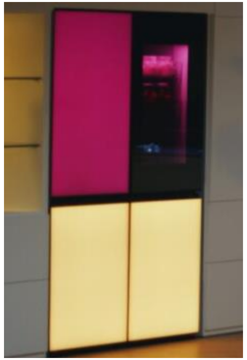
Rank #34 (new)

sleep support

Rank #66

Mental health

C3YA	CYA	Needs state
+88%	**+0.3%**	Sleep aid supplement
+82%	**+5%**	Mood supplement
+74%	**-5%**	Mental performance supplement
+22%	**+12%**	Sleep support*
+12%	**-6%**	Mood and stress support
+17%	**+2%**	Brain health
+39%	**-3%**	CBD*
+661%	**+146%**	Nootropics



LG MoodUP™ refrigerator

Fufuly Robotic Pillow

Audi Stress Detection

CNN Survey, 2022

NielsenIQ Annual Shopper Health Study, 2022, Q10. Below is a list of health-related conditions / ailments. Please read the list carefully and then select the condition(s) that anyone in your household, including yourself, has experienced during the past 6 months. Please select all that apply

Source: NielsenIQ Retail Measurement Services, NielsenIQ Product Insight, powered by Label Insight, Total Store vs Vitamins and Supplements; Total US xAOC; 52 weeks W/E 12/31/22 vs 3YA

Wellness Consumers Aspirational Needs

Wellness Consumers Aspirational Needs

Aspirational Needs are Focused on Longevity

Here, consumers take actions to achieve & maintain specific health goals or to avoid ailments in the long term.

Think of things like adopting a heart-healthy or plant-based diet. Or perhaps purchasing a gym subscription and supplements to embark on a fitness journey. Diet trends, in particular, are major drivers in this category.

Some of the biggest diet trends impacting CPG sales include:

- Heart-healthy
- Plant-based
- Low-carb
- Dairy-free
- Keto

Plant-based Products are a Mixed Bag

Though plant-based brands have made great strides in recent years, consumers aren't all aligned on them. Though the majority of consumers consider them healthier alternatives, many don't believe that they are enjoyable to eat.

For example, fruits and vegetables and nuts and grains maintain the most support with **75%** and **41%** of consumers respectively eating them regularly. But, meat only reaches that level of support from 18% of consumers.

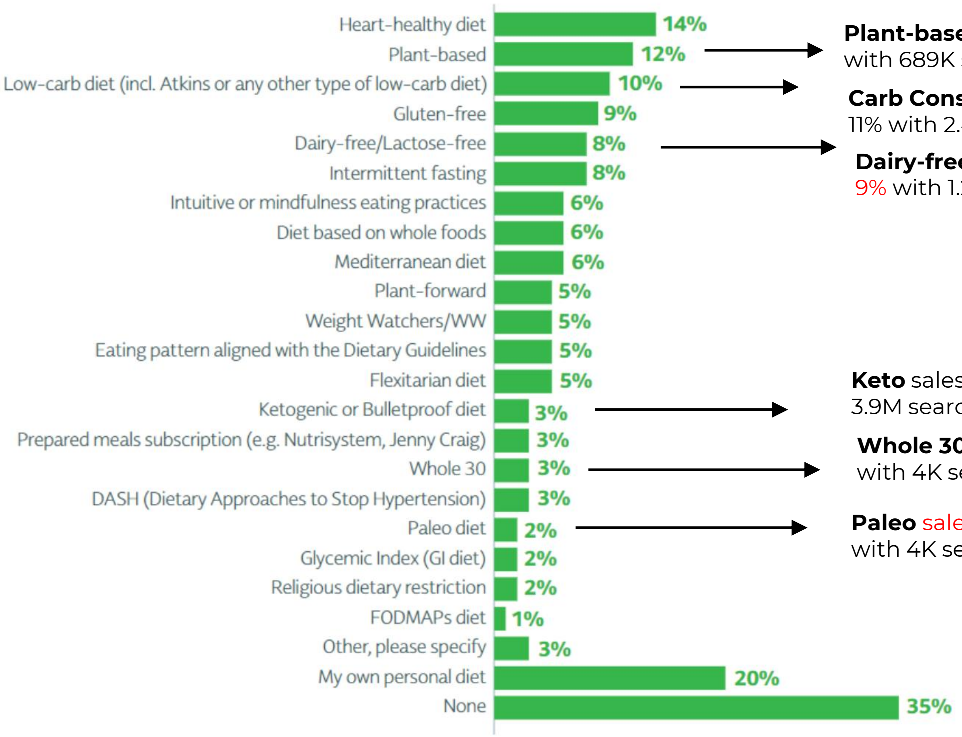
It can be an uphill battle for brands to shift the narrative and get support from a larger base when perception doesn't align. However, proper consumer targeting can be the gateway to success.

(Sources: NielsenIQ Look Ahead Webinar)

Aspirational

Consumers follow a variety of eating approaches (or principles) for health

WHICH, IF ANY, OF THESE APPROACHES TO EATING ARE YOU CURRENTLY USING?



Plant-based sales up 3% with 689K searches

Carb Conscious sales up 11% with 2.4M searches

Dairy-free sales down 9% with 1.2M searches

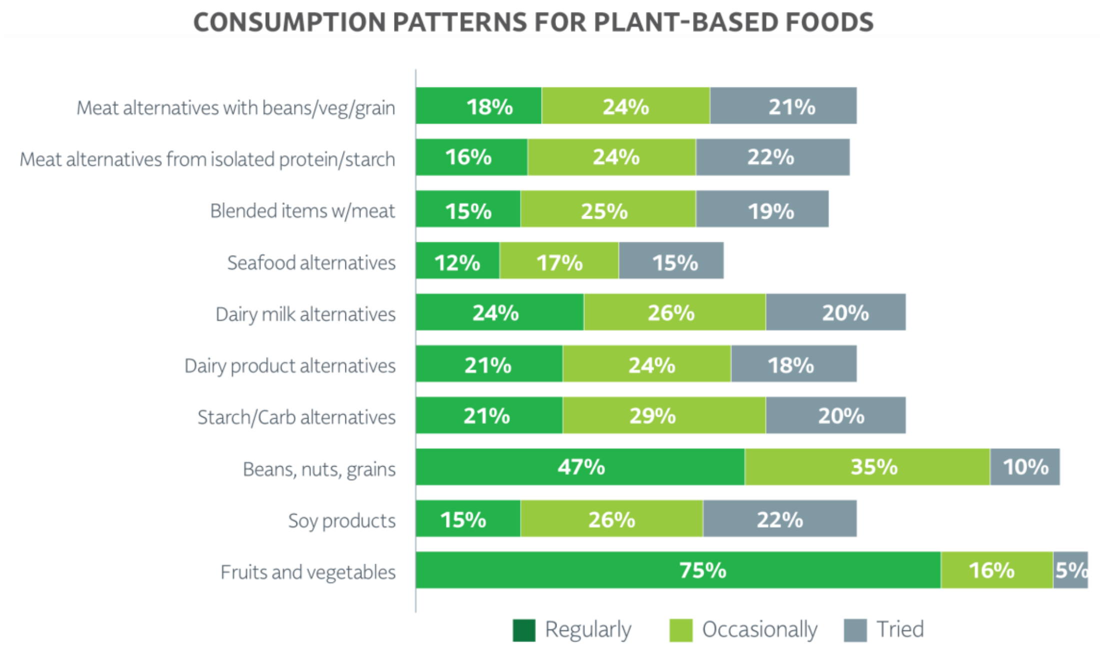
Keto sales up 2% with 3.9M searches

Whole 30 sales down 55% with 4K searches

Paleo sales down 46% with 4K searches

Source: FMI The Power of Plant-Based Foods and Beverages, 2022; NielsenIQ Trending Attribute search data, annual searches: Food & Beverage category; All Channels; 12 months Dec 2022

Consumers have varying views of plant-based, healthy most often cited



Source: FMI The Power of Plant-Based Foods and Beverages, 2022

Aspirational

Plant-based is a mixed bag

Top 15 "PLANT-BASED" food categories	$ Vol	$ % C3YA	$ % CYA
Milk/Dairy Alternative	$2.7B	37.3%	9.5%
Beverages	$1.9B	28.0%	10.0%
Fully Cooked Meat	$736.4M	32.5%	5.2%
Prepared Foods	$688.0M	49.0%	4.0%
Creams and Non-Dairy Creamer	$642.8M	97.4%	32.6%
Diet and Nutrition	$641.6M	37.3%	13.8%
Desserts	$363.8M	30.0%	-2.3%
Yogurt	$361.3M	48.4%	3.8%
Oils/Butter/Margarine/Spreads/Substitutes	$352.0M	48.5%	17.6%
Processed Meat	$314.5M	36.9%	-5.0%
Cheese	$276.6	54.8%	0.8%
Fresh Meat	$232.7M	109.4%	-11.5%
Cereal and granola	$209.8M	19.7%	-2.3%
Cookies and crackers	$166.5M	51.2%	13.7%
Baking mixes	$151.7M	16.8%	8.5%
Total of TOP 15 categories	**$9.7B**	**40.1%**	**8.3%**

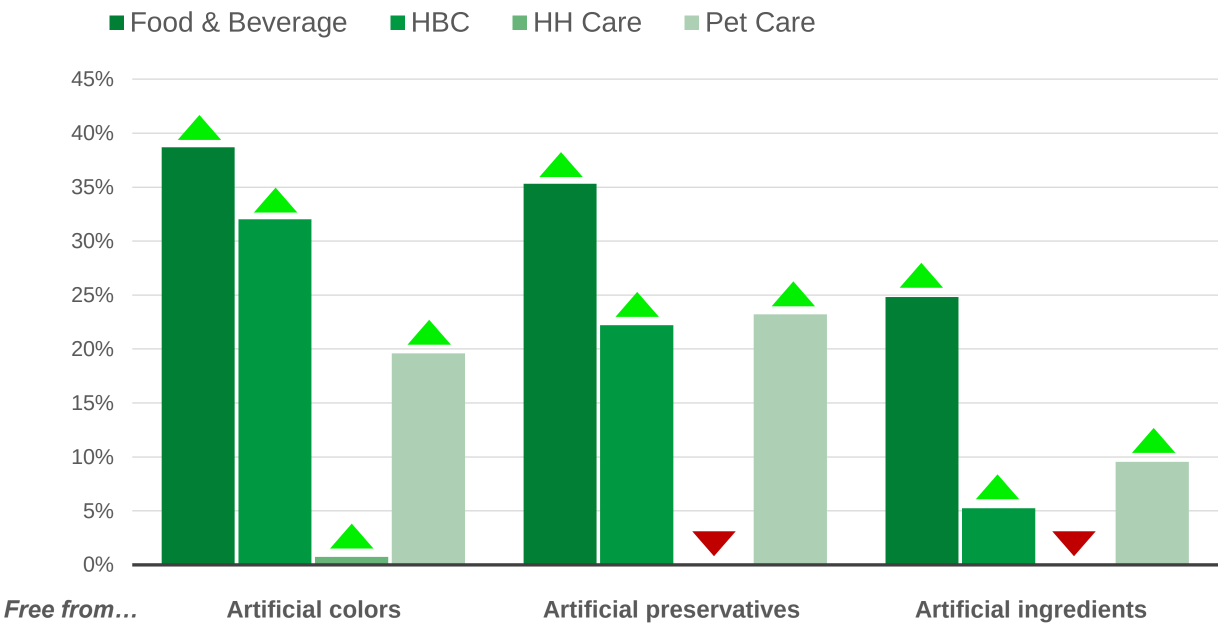
Source: NielsenIQ Retail Measurement Services, Syndicated data, Food & Beverage; Total US xAOC; 52 weeks W/E 12/31/22 vs YA and vs 3YA

Aspirational

Continued growth of clean label across most of store

About a third of consumers regularly buy products with “clean ingredients”

Clean Label | Share of department & $ chg. vs 3YA



Some additional available clean label attributes

- *Free from antibiotics*
- *Free from artificial flavors*
- *Free from artificial fragrance*
- *Free from artificial sweeteners*
- *Free from hormones*
- *Free from RBST*
- *Free from animal by product*
- *Count of ingredients*
- *Contains natural colors*
- *Contains natural flavors*
- *Contains natural fragrance*
- *Contains natural preservatives*
- *Contains natural sweeteners*
- *Non-toxic*
- *Free from pesticide*
- *Recognizable ingredients*
- *Free from parabens*
- *Free from phthalates*
- *Free from formaldehyde*
- *Free from Triclosan*
- *Free from Triclocarban*
- *Free from BHA*
- *Free from BTA*
- *Free from nonylphenol ethoxylates*

Source: NielsenIQ Retail Measurement Services, NielsenIQ Product Insight, powered by Label Insight, Total Food & Beverage; Total US xAOC; 52 weeks W/E 12/31/22 vs 3YA
Qualified attributes = derived from the ingredient label on package
IFIC 2022 Food and Health Survey
NielsenIQ Trending Attributes, Dec 2021

Wellness Consumers Evolving Needs

Wellness Consumers Evolving Needs

Evolving Needs are on the Cutting Edge

In this category, consumers are actively seeking out the latest alternatives or developments to continuously meet their and their family's health & wellness goals.

For example, consumers may be seeking new food types or products created through personalized health services.

This category of consumer needs also acts as a barometer to identify new ingredients and trends as they are taking off. It also helps identify unmet consumer needs and helps push the boundaries.

Consumers Need Verifiable Claims

If you looked at the market just a few years ago, wellness claims were all over the place. Fad diets pushed people in various directions and brands made bold claims about weight loss and health.

And consumers grew wise, quickly.

This means that fad claims and overly bold statements actually push many consumers away.

Products focused on benefits and healthful ingredients over specific diets speak to consumers who listen to their bodies.

What Will Matter in 2023 and Beyond?

$23 billion

The global functional mushroom market and growing.

55k

Trending Attribute searches for Yuzu

+245%

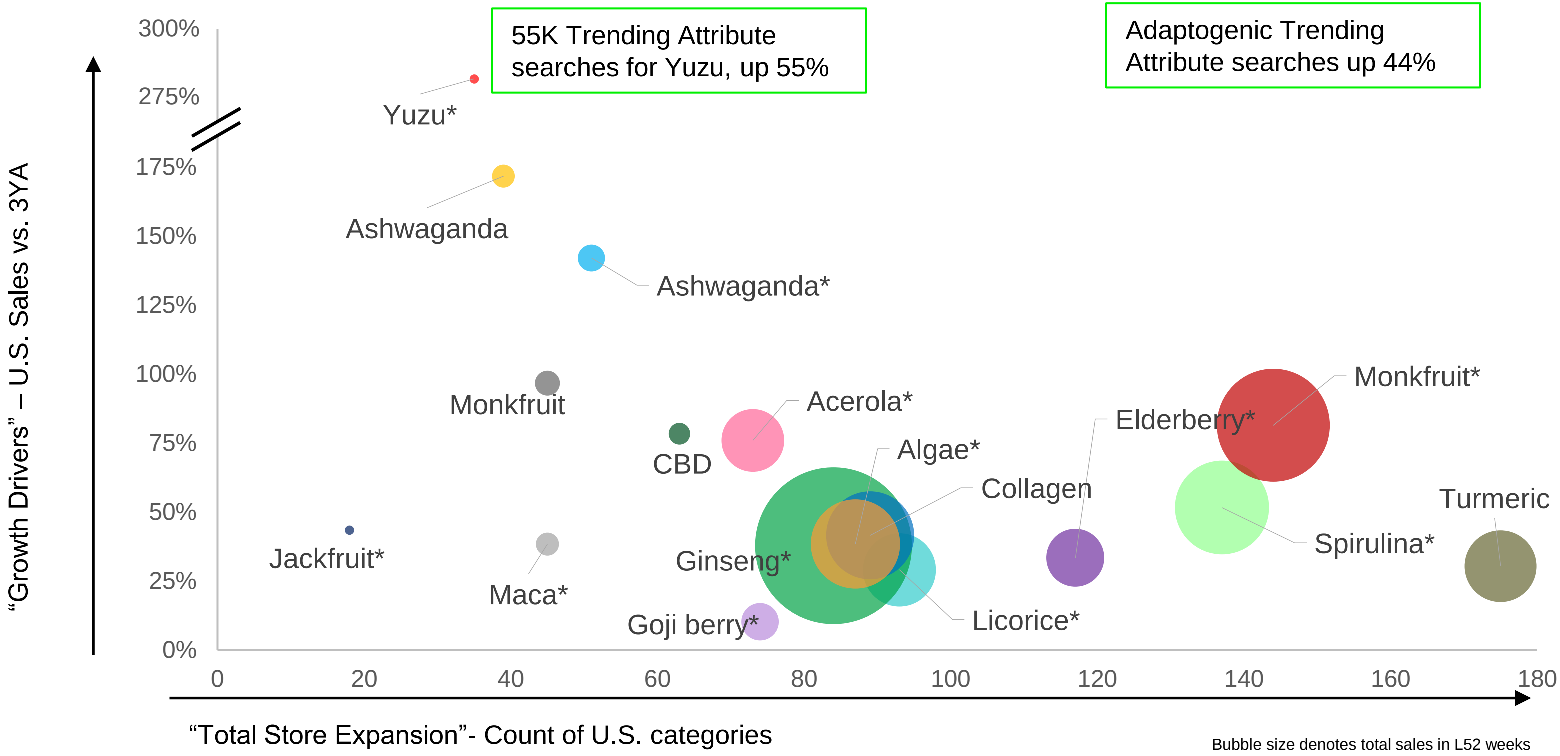
Increase in Pinterest searches for seaweed snack recipes.

(Sources: NielsenIQ Look Ahead Webinar)

Evolving

Integrating functional ingredients

Hitting the sweet spot of high growth & rapid category expansion



Watching:

Baobab
Chaga
Cordyceps
Dandelion
Dragon fruit
Hibiscus
Hyaluronic acid
Kelp
Milk Thistle
Reishi
Seaweed
And more…

Bubble size denotes total sales in L52 week All attributes represent claims STATED on package unless indicated by an * symbol
Source: NielsenIQ Retail Measurement Services, NielsenIQ Product Insight,, powered by Label Insight, Total Store; Total US xAOC; 52 weeks W/E 10/01/22 vs 3YA

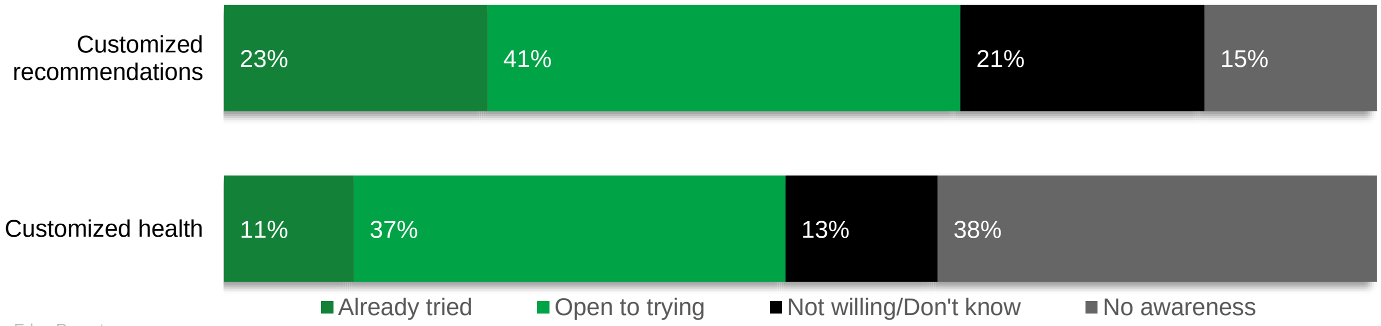
Health customization evolving

Withings urine analysis – metabolism and menstrual cycle

Nordstrom and Viome – microbiome kits

Nourished + Neutrogena - personalized skincare vitamins

Willingness to trial new innovations



Source: NielsenIQ Leading Edge Report
Q. Please select what best describes your awareness and willingness to trial about this innovation

Wellness Consumers Altruistic Needs

Wellness Consumers Altruistic Needs

Altruistic Needs are on the Rise and Brands are on Notice

One of the most interesting developments this year is that consumers' altruistic needs are starting to become more important.

More consumers are choosing to buy products from brands that they believe help improve the world by advocating for environmental, ethical, humanitarian, and/or philanthropic causes.

For example, consumer interest in sustainability has increased dramatically and the CPG space is where consumers can show their values every day.

The next five years promise dramatic change as businesses transform to meet new demands and balance the requirements of both governments and consumers.

Don't Fall Into the Greenwashing Trap

Today, **46%** of consumers are looking to brands to take the lead on creating sustainable change. But you can't just say you're making change.

This can't be overstated, but greenwashing is not a path to success. Making claims that your brand is engaged in sustainable practices or providing some benefit it isn't is a good way to drive consumers away.

Sustainability is on the rise, but sustainable claims must be verifiable and accurate to have any worth.

Greenwashing fines and scrutiny are also on the rise and should make many companies reconsider their claims. As a result, we're likely to see less unsubstantiated positioning and jargon on products and more certification and transparency in the near future.

(Sources: NielsenIQ Look Ahead Webinar)

Governance and cost will accelerate momentum beyond consumer demand

Role of governance and mandates

Financial reporting requirements
SEC, EU CIBR

Sustainable Investment
Banks, Shareholder value, Funding

New legislation

Fines and Taxes
Greenwashing

Exploding costs due to the impact of climate change

Rising energy prices
Shift to renewables

Rising cost of goods
Increased prices due to scarcity

Supply chain disruption
Shifting source of origin

Escalating consumer demand

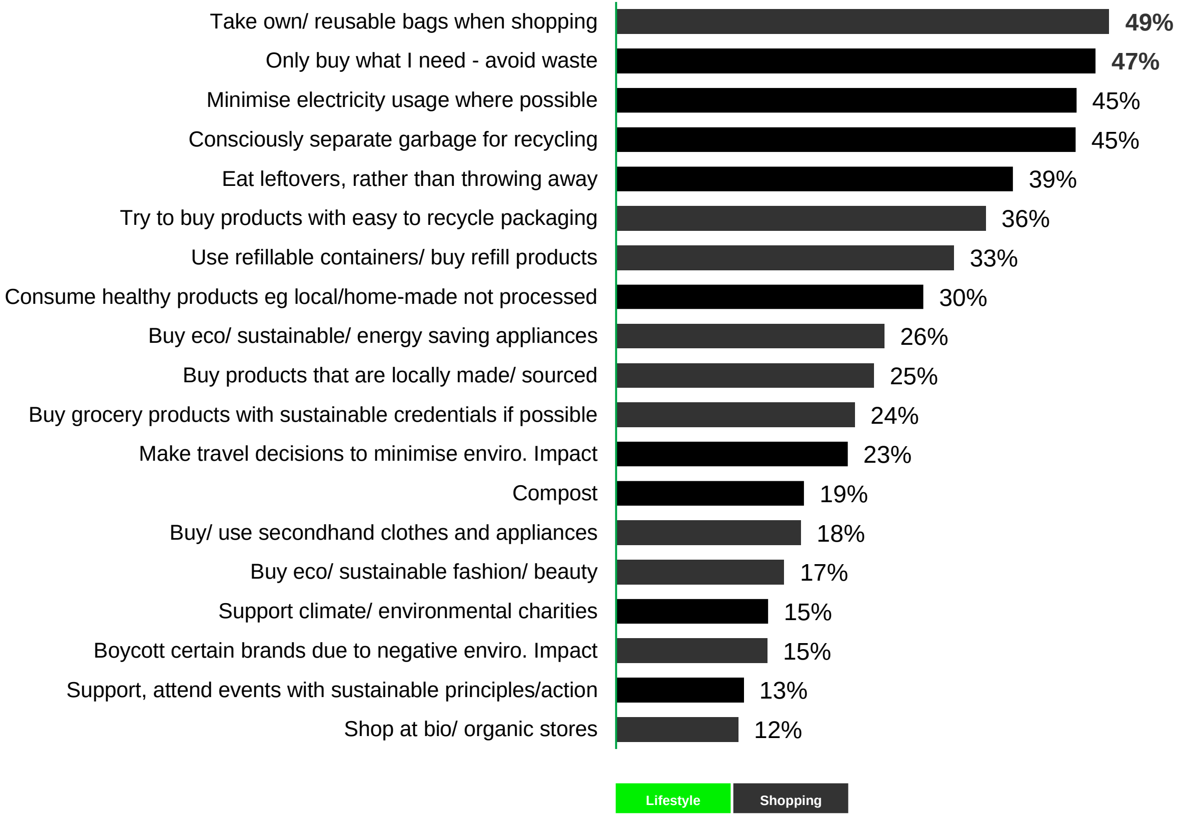
Personal impact

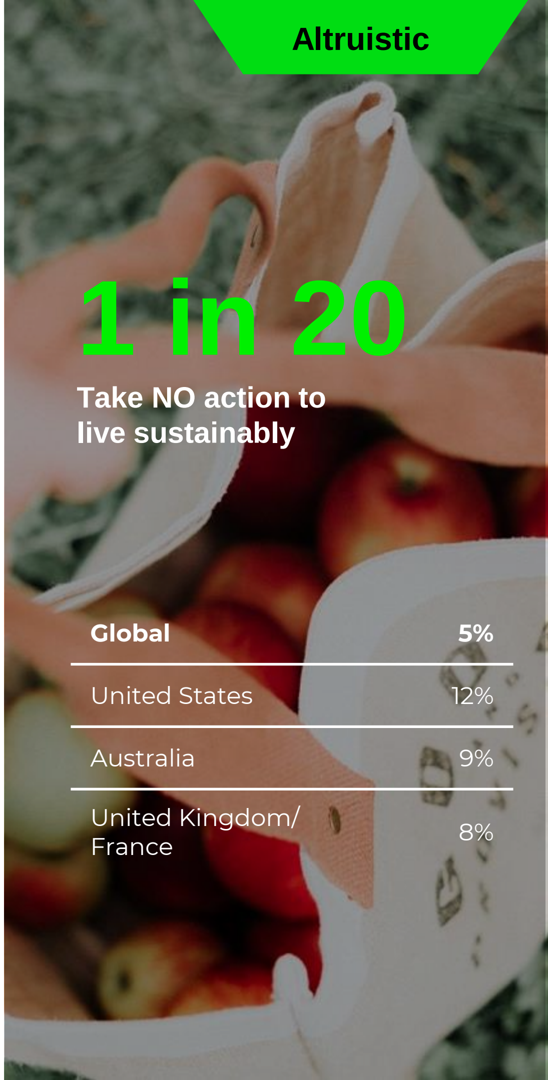
Availability of choice

Cost of living stress

Shifting values & attitudes

Consumers are trying to live sustainably





Altruistic

1 in 20

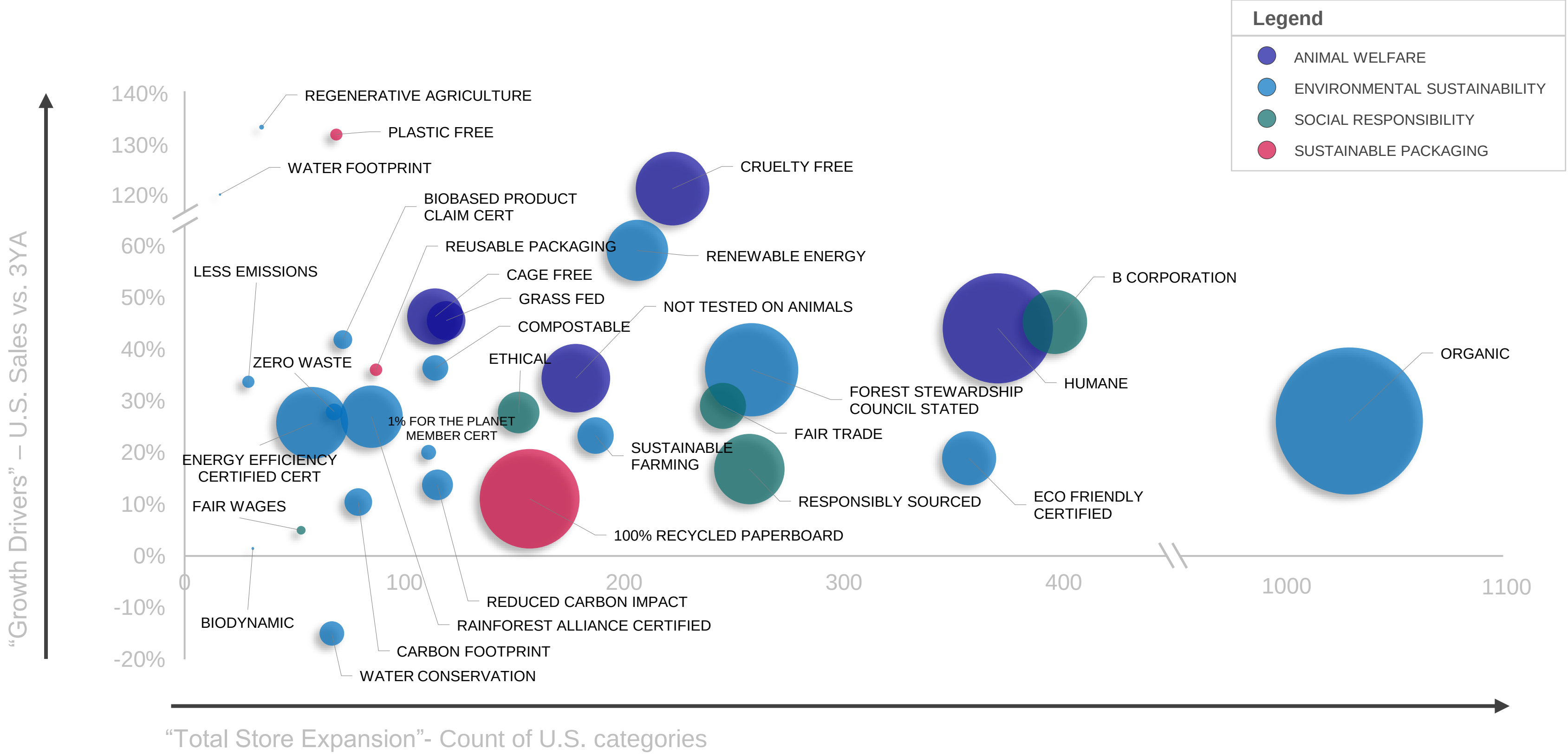
Take NO action to live sustainably

Global	**5%**
United States	12%
Australia	9%
United Kingdom/ France	8%

Source: NielsenIQ 2023 Sustainability Report - What actions, if any do you currently do to live a sustainable lifestyle?, Global

Sustainability claims growing across the store

Altruistic



Bubble size denotes total sales in L52 week All attributes represent claims STATED on package unless indicated by an * symbol

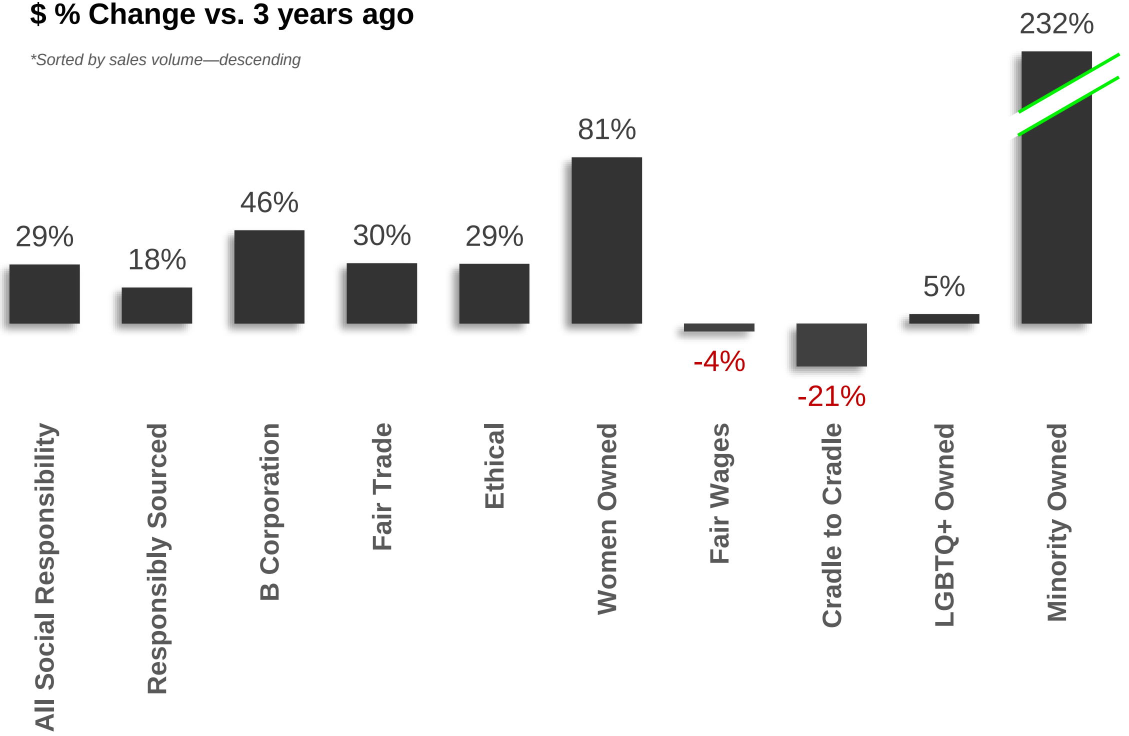
Source: NielsenIQ Retail Measurement Services, NielsenIQ Product Insight, powered by Label Insight, Total Store; Total US xAOC; 52 weeks W/E 11/05/22 vs 3YA

Altruistic

Brands showing social responsibility growing

$ % Change vs. 3 years ago

**Sorted by sales volume—descending*



Other emerging smaller volume claims

Veteran-owned | +618%

Black-owned | +>4K%

BIPOC owned | +>50K%

Source: NielsenIQ Retail Measurement Services, NielsenIQ Product Insight, powered by Label Insight, Total Store; Total US xAOC; 52 weeks W/E 12/31/22 vs 3YA

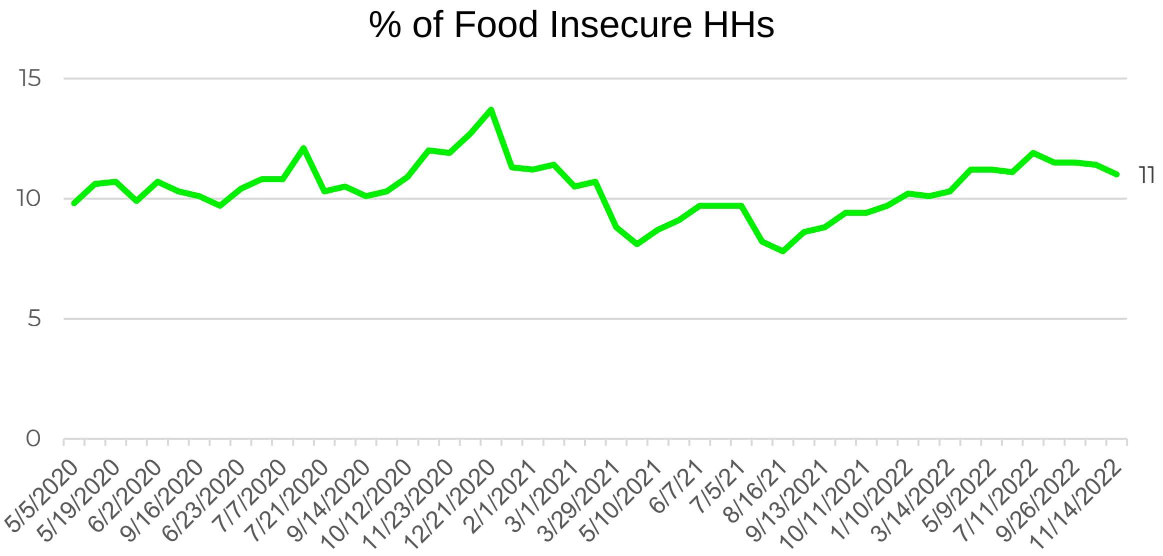
What’s Next for Emerging Wellness Brands?

Democratization of wellness increasingly important

20.3% more households receiving SNAP Benefits in November **2022 vs Pre-Covid**

Percentage of adults in households where:

There was either sometimes or often not enough to eat in the last 7 days



HH's Receiving SNAP Benefits

+20.3%

vs Pre-Covid FY'19

Average Monthly Benefit/HH

-0.2%

vs FY'21

+5.7% (vs FY '21)

Source: United States Census, Household Pulse Survey Latest 7 Days Ending Nov 14, 2022 (Week 51), Food Insecure = HHs Sometimes or Often Not Enough to Eat, SNAP Data from the USDA National Level Annual Summary, data as of December 9, 2022

Top 30 attributes to follow in 2023…

Sodium levels	No/Low Sugar & Added Sugar	Carb conscious	Mental performance	FDA Healthy (coming soon)
Immune support	Low/no alcohol	Food as medicine	Diabetic support	Digestive health
Ingredients of Interest	Plant based	Better For (coming soon)	Traditional Chinese Medicine	Menopause support
Brain health	Clean label	Mood support	Functional ingredients	Super foods
Animal welfare	Adaptogens	Socially responsible	Ayurvedic group	Environmental sustainability
Regenerative agriculture	Carbon impact	Water footprint	Minority owned	Responsibly sourced

What You Can Do In 2023

NIQ can help you get a Full View in 2023

When the market is shifting, you need to be on top of your game if you're going to come out on top.

NielsenIQ offers emerging and growth brands access to the same best-in-class, accurate data and high-quality insights that Fortune 500 brands leverage—at a price customized for their budgets.

We also know that businesses at different stages have diverse needs. Whether you're looking to nail your next retailer pitch, are expanding distribution, or need to defend your turf, we have the data and tools you need to succeed.

Some of the solutions we can provide include:

- POS & Shopper Data
- Product Attribute Trends
- Omnichannel Sales Data
- Demand Forecasting
- Pricing & Promotion Optimization
- Assortment Optimization
- Expert Insights into Market Trends
- And More

Learn More About Our Wellness Solutions

For more insights:

niq.com/global/en/insights/

About NielsenIQ

Arthur C. Nielsen, who founded Nielsen in 1923, is the original name in consumer intelligence. After decades of helping companies look to the future, we are setting the foundation for our future by becoming NielsenIQ. We continue to be the undisputed industry leaders as evidenced by our experience and unmatched integrity. As we move forward, we are focused on providing the best retail and consumer data platform, enabling better innovation, faster delivery, and bolder decision-making. We are unwavering in our commitment to these ideals and passionate about helping clients achieve success. For more information, visit: