Dietary supplement market soars on rising consumer interest in 'natural OTCs'
Interest in vitamins, minerals and supplements has never been greater

By Michael Johnsen

Whether it’s baby boomers looking to boost their health profiles heading into their golden years or millennials attempting to fortify themselves against the rising cost of health care, interest in dietary supplements, sports nutrition, diet aids, meal-replacement solutions and even energy shots has never been higher, according to a Kline consumer survey released last year.

The company’s “Natural OTCs” study this past summer found that consumer interest in the market of non-allopathic solutions through 2015 was up by 11.4%, Kline noted, compared with an increased predisposition for the overall over-the-counter market of 4.2%. More than half of the consumers surveyed by Kline indicated they use natural OTCs more now than one year ago and nearly two-thirds of consumers said they use them now more than five years ago, an indication that there is a growing interest in natural OTCs.

That attraction toward supplements to support a healthier lifestyle or aid in the prevention of disease is particularly prevalent among seniors.

For example, there’s more and more growth across adult gummy multivitamins, Laura Mahecha, healthcare industry manager for Kline Market Research, told Drug Store News. Other pockets of growth include omega-3 supplements, co-Q10 and vitamin D. “Anything that’s aimed at the aging population,” she said.

This rise in consumer interest, particularly among baby boomers, also translates directly into sales growth. DSN estimates the supplement, diet aid and intrinsic health category as a whole was up 5.5%, reaching $13.3 billion in sales for the 52 weeks ended Oct. 30, according to a review of IRI data across total U.S. multi-outlet channels.

Kline projects supplement growth to continue along a 2% or 3% annual trajectory. Increased supplement sales will be tempered by a similar increase in healthier eating, however, Mahecha added.

Pharmavite’s Nature Made brand within its letter vitamin offerings tops the top 10 best-selling brand list with $367.4 million in sales over the 52-week period, according to IRI, with Abbott Nutrition’s Ensure adult nutrition shakes ($359.8 million) and Clif Bar’s nutritional bars ($335.4 million), rounding out the top three. Beyond shakes, bars and supplements, Living Essential’s 5-hour Energy shots ($323.3 million) also continue to crack that top-10 product list.

Across the following pages, DSN presents the latest consumer usage study from the Council for Responsible Nutrition and a TABS Analytics breakdown around online sales of vitamins, supplements and nutritional offerings. On the regulatory front, CRN CEO Steve Mister provided DSN with a breakdown on what a new Trump Administration and 60 freshmen Congress leaders means for the supplement industry. Following that are products retailers should be keeping their eyes on and a breakdown of five merchandising opportunities expected to drive sales in 2017, including a format trend away from pills, a new category that passes the “sniff” test, an opportunity to capture mom’s interest at the point of conception, a muscle-bound category that reaches beyond “gym rat nation” and a holistic approach to nutrition that ditches dieting in favor of nutrition management.

Top 10 VMS, weight-loss aids, energy shots and nutritional bars

<table>
<thead>
<tr>
<th>BRAND</th>
<th>SALES*</th>
<th>% SALES CHG</th>
<th>UNIT SALES*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nature Made (vitamins)</td>
<td>$367.4</td>
<td>7.4%</td>
<td>42.7</td>
</tr>
<tr>
<td>Ensure (nutritional RTDs)</td>
<td>359.8</td>
<td>-0.8</td>
<td>33.1</td>
</tr>
<tr>
<td>Clif (nutritional bars)</td>
<td>335.4</td>
<td>16.1</td>
<td>126.7</td>
</tr>
<tr>
<td>5-hour Energy (energy shot)</td>
<td>323.3</td>
<td>-0.3</td>
<td>59.2</td>
</tr>
<tr>
<td>Nature Made (supplement)</td>
<td>318.4</td>
<td>2.6</td>
<td>33.0</td>
</tr>
<tr>
<td>Nature’s Bounty (supplement)</td>
<td>278.5</td>
<td>5.4</td>
<td>30.4</td>
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<tr>
<td>Pediasure (nutritional RTDs)</td>
<td>242.2</td>
<td>11.3</td>
<td>18.6</td>
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<tr>
<td>General Mills Fiber One (bar)</td>
<td>241.1</td>
<td>-12.2</td>
<td>64.4</td>
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<tr>
<td>Centrum Silver (multivitamins)</td>
<td>180.4</td>
<td>-3.1</td>
<td>15.7</td>
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<tr>
<td>Nature’s Bounty (vitamins)</td>
<td>166.5</td>
<td>1.6</td>
<td>19.3</td>
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<tr>
<td>TOTAL</td>
<td>$13,257.0</td>
<td>NA</td>
<td>1,981.9</td>
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*In millions
Source: IRI for the 52 weeks ended Oct. 30, Total U.S. Multi-Outlet (supermarkets, drug stores, mass market retailers, military commissaries and select club and dollar retail chains)

$400 million: Kline Group’s annual projected growth rate for VMS.

Top 10 manufacturers

<table>
<thead>
<tr>
<th>COMPANY</th>
<th>NUTRITION-AL SALES</th>
<th>MARKET-SHARE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bayer</td>
<td>$313</td>
<td>4.2%</td>
</tr>
<tr>
<td>Pfizer</td>
<td>246</td>
<td>3.3%</td>
</tr>
<tr>
<td>U.S. Nutrition</td>
<td>230</td>
<td>3.1%</td>
</tr>
<tr>
<td>Church &amp; Dwight</td>
<td>156</td>
<td>2.1%</td>
</tr>
<tr>
<td>Pharmavite</td>
<td>137</td>
<td>1.9%</td>
</tr>
<tr>
<td>Bausch + Lomb</td>
<td>130</td>
<td>1.8%</td>
</tr>
<tr>
<td>Reckitt Benckiser</td>
<td>94</td>
<td>1.3%</td>
</tr>
<tr>
<td>Nature’s Way</td>
<td>68</td>
<td>0.9%</td>
</tr>
<tr>
<td>Quincy Bioscience</td>
<td>45</td>
<td>0.6%</td>
</tr>
<tr>
<td>GlaxoSmithKline Consumer Healthcare</td>
<td>$41</td>
<td>0.6%</td>
</tr>
</tbody>
</table>

*Nutritional sales in millions as measured at manufacturer’s level by Kline Group
Source: Kline Group’s Nonprescription Drugs USA 2015 study
PREMAMA OFFERS THE FASTEST GROWING POWDERED MATERNITY SUPPLEMENT*

And Introduces New Items and New Look

Pre & Postnatal Drink Mixes, Soft Chews & Gummies

2016 Best New Supplement Delivery Format

PRENATAL ENERGY DRINK MIX

ENERGY
Specifically Formulated to be Safe for Pregnancy
Caffeine and stimulant-free plus B-Vitamins
Boosts Mood and Cognition
Contains 50 mg of Omega-3s
Curbs Fatigue with Fiber

PREGNATAL SLEEP AID SOFT CHEW

SLEEP AID
Specifically Formulated to be Safe for Pregnancy
Melatonin-Free plus Chamomile
Promotes Restful Sleep
Contains Magnesium and Vitamin D for Deeper Sleep
Muscle Discomfort Relief
Potassium to Soothe Leg Cramps

PREGNATAL + DHA GUMMY

PRENATAL + DHA
Complete Multivitamin with Folic Acid, DHA and Iron
Doctor Recommended
Developed by OB/GYNs
Morning Sickness Relief
Contains 80 mg of vitamin D3

vitamin angels
Proud Supporter

We’ve set a goal to provide 40,000 children and mothers each year in the US and around the world with vitamins and minerals by donating 1% of sales to Vitamin Angels.

401.383.0299  •  sales@drinkpremama.com  •  drinkpremama.com

*Source: P&G Core (Powered by IRIS) Last 52 Weeks Ending 12/26/15
Multivitamins still provide plenty of opportunities via gummies, probiotics

By Michael Johnsen

Overall, sales of multivitamins are relatively flat — 0.2% annual growth toward a $1.8 billion base. But according to the latest consumer survey from the Council for Responsible Nutrition, 3-in-4 adults use a multivitamin. So, have sales of multivitamins plateaued, or are there pockets of opportunity out there?

The answer, of course, is there are pockets of opportunity out there. In fact, if you look at two of the brands experiencing phenomenal growth, the opportunity comes into sharp focus.

It’s about format.

Church & Dwight’s Vitafusion represents $88.6 million in sales for the 52 weeks ended Oct. 30, on a growth trajectory of 28.5%, according to IRI across total U.S. multi-outlets, and Pharmavite’s Nature Made brand represents another $68.4 million on a growth trajectory of 17.7%. And the common denominator between the two is format — both brands stake their point of differentiation on non-pill adult gummy and fast-dissolvable formats.

“A large growth area for the category has been the emergence of sensory delivery forms, primarily gummies,” Tim Toll, Pharmavite’s chief customer officer, told Drug Store News. “Gummies are experiencing a growth rate of 12% and $51 million in absolute growth dollars. Gummies now represent 33% of total VMS category growth in the latest 26 weeks. This is a trend that we expect to continue as consumers search for a more sensory satisfying experience.”

Nature Made is one of the leading broad-line vitamin brands in the emerging high-growth sensory delivery forms, including gummies and fast-dissolving tablets. The company fields a sensory delivery form in 11 product segments. “Currently, the need states that resonate strongly with consumers for the VMS category are digestive, sleep, memory/cognition, vision and general health,” Toll said. “These five need states combined now represent 76% of the total VMS category retail dollar sales growth.”

Probiotics is another key growth segment, Toll added. “Probiotics alone represents [more than] 28% of the category growth in retail dollars,” he said.

Another dominant brand is Church & Dwight’s Vitafusion line. Church & Dwight acquired Vitafusion in 2012 and hasn’t looked back. “Today, the gummy form of the entire adult VMS category is 10%,” noted Matthew Farrell, Church & Dwight’s CEO. “It was 3% when we bought the business four years ago,” he said. “Adult gummies is where we are putting our focus. It is underdeveloped and will be the source of future growth for us.”

One gummy brand to watch out for is Olly. For the 52 weeks ended Oct. 30, the brand generated only $12.3 million on 197% growth. But the brand still cracked IRI’s top-20 multivitamin list, and is ramping up distribution after being a Target exclusive for a year.

Olly is the brainchild of Method cofounder Eric Ryan, who co-developed the brand specifically for Target in partnership with Doug Stukenborg, former VP of OTC at Target and current industry analyst. Together, the two revamped the VMS space with the Olly line.

Top 10 multivitamins

<table>
<thead>
<tr>
<th>BRAND</th>
<th>SALES*</th>
<th>% SALES</th>
<th>UNIT SALES*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private label</td>
<td>$294.6</td>
<td>-3.5%</td>
<td>43.7</td>
</tr>
<tr>
<td>Centrum Silver</td>
<td>180.4</td>
<td>-3.1</td>
<td>15.7</td>
</tr>
<tr>
<td>Bausch &amp; Lomb Preservision</td>
<td>149.3</td>
<td>23.7</td>
<td>5.4</td>
</tr>
<tr>
<td>Airborne</td>
<td>126.6</td>
<td>1.5</td>
<td>14.4</td>
</tr>
<tr>
<td>One-A-Day Vitacraves</td>
<td>89.7</td>
<td>-9.3</td>
<td>8.3</td>
</tr>
<tr>
<td>Vitafusion</td>
<td>88.6</td>
<td>28.5</td>
<td>8.5</td>
</tr>
<tr>
<td>Centrum</td>
<td>76.8</td>
<td>11.8</td>
<td>7.4</td>
</tr>
<tr>
<td>Nature Made</td>
<td>68.4</td>
<td>17.7</td>
<td>6.3</td>
</tr>
<tr>
<td>Nature’s Way</td>
<td>62.5</td>
<td>-4.7</td>
<td>6.0</td>
</tr>
<tr>
<td>Flintstone Complete</td>
<td>49.7</td>
<td>-5.6</td>
<td>5.5</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$1,760.9</strong></td>
<td><strong>0.2%</strong></td>
<td><strong>177.9</strong></td>
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</table>

*In millions
Source: IRI for the 52 weeks ended Oct. 30, Total U.S. Multi-Outlet (supermarkets, drug stores, mass market retailers, military commissaries and select club and dollar retail chains)

75% of 4 adults took a multivitamin at some point last year, totaling 182 million people.
Millennials making big impact on dietary supplement category sales

By Michael Johnsen

Perhaps because of their parents and grandparents, millennials are taking a shine to the use of dietary supplements as a strategy toward being healthier, according to the 2016 Consumer Survey on Dietary Supplements conducted by Ipsos Public Affairs on behalf of the Council for Responsible Nutrition. Overall, as many as 170 million U.S. adults, or 71% of the population, take dietary supplements. Different from previous years, the 2016 survey points to similar supplement-consumption patterns among younger and middle-aged adult populations, with 70% of adults ages 18 years to 34 years old and of those aged 35 years to 54 years old reporting dietary supplement use.

In comparison, only 65% of adults aged 18 to 34 years old reported taking dietary supplements in 2015, while 68% of adults ages 35 years to 54 years old said the same. “It is exciting to see the growth in supplement usage among younger adults, especially after our 2015 survey indicated that increased usage should be anticipated among those ages 18 to 34 over the next five years,” stated Judy Blatman, SVP communications at CRN. “Every industry is talking about the millennials and the impact this generation will have. Our data shows the impact is already being made on the dietary supplement industry as young adults are increasingly incorporating dietary supplements into their health regimens.”

The increase in supplement usage among younger adults also can potentially be correlated with the shift seen in the most common reasons users take dietary supplements. Historically, the top-two reasons for taking supplements among supplement users were for “overall health-and-wellness benefits” and “to fill nutrient gaps in my diet.” This year, however, energy (30%) has risen to become the No. 2 reason for taking supplements among supplement users, behind only “for overall health-and-wellness benefits” (42%), which remains top of mind. “To fill nutrient gaps in my diet” now ranks third when it comes to reasons why supplement users take supplements, at 28%.

Of course, increased interest in millennials isn’t the only demographic trend contributing to increased supplement interest — baby boomers are still influencing a groundswell in usage, as well. This year’s results indicate that, as in years past, the oldest population surveyed (adults aged 55-plus years old) maintains the highest percentage of supplement use at 74%.

The 2016 CRN Consumer Survey on Dietary Supplements found that the five most popular supplements are the multivitamin, vitamin D, vitamin C, calcium and vitamin B. According to IRI, sales of multivitamins reached $1.5 billion on 0.3% year-over-year growth for the 52 weeks ended Oct. 23 across total U.S. multi-outlet channels. Vitamin D generated $394.6 million, up 9.1%; vitamin C generated $324.2 million, down 4.3%; sales of calcium were down 9.6% to $233.8 million; and sales of vitamin B were up 1.3% to $455.5 million.

Another finding, which is consistent with the findings from CRN’s previous surveys, is the high level of confidence Americans have in supplements. According to the 2016 survey, 85% of U.S. adults have overall confidence in the safety, quality and effectiveness of dietary supplements. Among supplement users it’s even higher, with 96% indicating confidence.

Most popular dietary supplements

<table>
<thead>
<tr>
<th>SUPPLEMENT</th>
<th>% OF SUPPLEMENT USERS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Multivitamin</td>
<td>75%</td>
</tr>
<tr>
<td>Vitamin D</td>
<td>37%</td>
</tr>
<tr>
<td>Vitamin C</td>
<td>34%</td>
</tr>
<tr>
<td>Calcium</td>
<td>29%</td>
</tr>
<tr>
<td>Vitamin B</td>
<td>24%</td>
</tr>
<tr>
<td>Omega 3/Fatty acids</td>
<td>20%</td>
</tr>
<tr>
<td>Vitamin E</td>
<td>16%</td>
</tr>
<tr>
<td>Fiber</td>
<td>16%</td>
</tr>
<tr>
<td>Magnesium</td>
<td>15%</td>
</tr>
<tr>
<td>Protein</td>
<td>15%</td>
</tr>
</tbody>
</table>

Source: 2016 CRN Consumer Survey on Dietary Supplements
The All-New TASTE of Protein

This is what 25 grams of protein tastes like when you’re drinking a Pea Protein Shake from Fusion Diet Systems.

- Dairy and Cholesterol-Free
- Gluten and Soy-Free
- Vegan and Non-GMO

AWARD-WINNING TASTE!

NEW Flavors

Chocolate Peanut Butter  Vanilla Cinnamon Swirl  Strawberry Shortcake  Cafe Mocha  Double Chocolate Fudge

fusiondietsystems.com
A major shift from heavy buying to light buying

Study finds that mass market is still the most-shopped channel

By Michael Johnsen

A key trend captured by the 2016 TABS Analytics Vitamin and Minerals Supplements study is the continued decline in the number of heavy buyers (those who purchased more than three types of vitamins in a year). Heavy-buyer penetration peaked at 40% in 2012, but in 2016, heavy-buyer penetration dropped to 30%.

“We see a meaningful shift away from heavy buying and toward light buying,” noted Kurt Jetta, president of TABS Analytics. They represent only 7% of the buyers, down from 10% of buyers two years ago, but account for 30% of sales.

The decline in heavy buyers is particularly noticeable among women, which has gone from 45% in 2012 to just 32% in 2016. Despite this drop in heavy buyers, overall purchase incidence among female buyers has increased to an all-time high of 82%, driven by more light buyers.

The 2016 VMS study also found that heavy buying among younger consumers (ages 18 years to 54 years old) has dropped from 25% in 2015 to 21% in 2016. However, consumers 55 years old and older are twice as likely to be heavy buyers (43%).

This large drop in heavy buyers occurred primarily in the mass market channels, which has caused mass market penetration to decline for the past two years, TABS noted. Specialty stores and online stores have held onto their heavy buyer base and also gained light buyers.

This is the first time since 2010 that TABS has tracked a shift in the vitamin market away from mass market and towards specialty brick and mortar. However, mass market is still the most-shopped channel with 65% of buyers shopping in it exclusively, while only 14% of all buyers shop exclusively at non-mass channels (online or in specialty stores).

The study found that 55% of all shopping visits are to Walmart, CVS, Walgreens, online retailers and food stores.

The bigger heavy buyer declines are occurring with women and younger buyers between the ages of 18 to 54. ... Category innovation and retailer promotions ... should be a primary focus for manufacturers and retailers going forward.

Kurt Jetta, president of TABS Analytics

Source: 9th Annual Citmain Study, TABS Analytics

The online retail channel is the top outlet for sales of vitamin, mineral and supplements, hitting $2 billion and surpassing Walmart’s vitamin sales of $1.7 billion in 2016, according to the study.
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Expanding Wellness Regimens

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Our customers are our first priority

INNOVATION
Bringing innovative new products to market first

QUALITY
Provide top quality products with the purest ingredients

100%
100% Satisfaction Guarantee

naturetruthproducts.com  1-844-544-1030  naturestrutharoma.com

*US XAOC for the latest 26, 13 & 4 week periods ending 10/1/16.

These statements have not been evaluated by the Food and Drug Administration.
These products are not intended to diagnose, treat, cure or prevent any disease.
New items resonate with consumers
Brand product offerings may create white-space opportunities

By Michael Johnsen

A number of recent product offerings in the VMS space may represent white-space opportunities — or products that help create a marketing or merchandising niche that resonates with today’s consumer.

For example, it’s not often that you can bring a holiday-themed merchandiser to the over-the-counter set. Shoppers who are shopping the OTC aisle with gift-giving in mind are either desperately seeking a remedy that will keep them going just one more day (colds and flu are the worst), or they’re looking to fill their loved one’s stocking with a low-cost stuffer — Blistex, for example.

But now Piping Rock is giving retailers an opportunity to feature a little “merry” merchandising just opposite the pharmacy counter with the release of its limited-edition, 100%-pure plant-based essential oil and aromatherapy gift sets. “Holiday cheer is the perfect scent to uplift the spirits this holiday season,” stated Kimberly Vigliante, SVP sales and marketing at Piping Rock. The limited edition aroma, Holiday Cheer, features a warm spice botanical blend of clove, cinnamon, orange sweet oil and lemongrass oil, or just the kind of scent you want to relax to after a night of unwrapping gifts. The addition not only adds a little seasonal spice to the aromatherapy aisle this holiday season, it creates an opportunity to attract new users to aromatherapy, Vigliante added. And next year, opportunities like this may help anchor a complete holiday gift-giving wellness solution that could feature other alternative wellness-oriented categories, such as yoga.

Another white-space opportunity might be found within the latest hangover remedy to reach the market. Hangover supplements historically haven’t performed well, but Life Support Development is marketing its latest remedy not only as a hangover solution, but as source for the kind of energy people burning the candlestick at both ends might want to tap into.

“Our research has shown that a majority of customers are buying Life Support as a hangover prevention between 2 p.m. and 9 p.m.,” said Shannon O’Shields, Life Support director of marketing. Coffee and energy shots were the leading companion purchases with the original formula, so the company added an energy booster to its original recovery formula. “Life Support Red Label [helps] prevent that afternoon crash commonly associated with energy drinks.”

Nature’s Truth
Holiday Cheer
Nature’s Truth recently released a little “Holiday Cheer” via the launch of its limited edition, 100% pure plant-based essential oil and aromatherapy gift sets.

Life Support
Recovery Shot
Coffee and energy shots were the leading companion purchases with Life Support’s original formula, so the company added an energy booster to its original recovery formula.

Sho Nutrition
Supplements
Sho Nutrition features two new vegetarian formulas packaged in its “Sho” dispenser that releases sphere gels with a click from a portable daily tracking dispenser.

Nelsons Rescue
Plus Supplements
For the first time in the brand’s history, Nelsons is launching a new range of supplements called Rescue Plus. According to the company, new brands attract new consumers to the category.
Supplements target new millennial moms

By Michael Johnsen

There is perhaps a latent opportunity for retailers to create a new destination center out of three existing categories that would appeal to a new millennial mom — products boosting preconception health; products supporting a pregnant woman’s health; and products supporting lactation and breast feeding following her pregnancy.

“We see an opportunity to extend [the category],” Jamie Schapiro, CMO of Premama, told Drug Store News. “The maternity wellness market [not just supplements] is a $2.5 billion opportunity.”

According to Premama, the prenatal support vitamins and supplements space is growing year over year by 13.8%. And lactation supplements, specifically, are growing at a rate of 41.5% year over year.

There are some 4.5 million pregnancies each year, though the actual number of women who get pregnant each year approaches 6.1 million.

But that’s not for lack of trying. About 6% of married women 15 years to 44 years old are unable to get pregnant after one year of unprotected sex (infertility). And about 12% of women 15 years to 44 years old in the United States have difficulty getting pregnant (impaired fecundity).

On average, women between the ages of 15 years and 44 years old expect to have between two and three children — two of every five women expect to have at least two children — according to the National Survey of Family Growth.

And as many as 72.6% newborns are breast fed for at least three months.

Premama isn’t the only specialty supplement company targeting the maternity health space. Wellnext recently added 35+ Mom & Baby, a prenatal multivitamin for expectant mothers over 35 years old, and Prenatal & Postnatal Protein, a supplement designed to provide sustained energy from conception through nursing.

Earlier this year, Healthy mama introduced Nip the Nausea! Morning Sickness Capsules — the first OB/GYN-formulated and American Pregnancy Association-endorsed supplements to help reduce morning sickness and nausea, according to the company. The supplement contains ginger, which has the ability to neutralize stomach acids and therefore reduce morning sickness, gas and bloating, as well as aid in digestion. The supplement also contains low levels of B6. B6 deficiencies are known to increase the occurrence of headaches and nausea.

And last year Church & Dwight leveraged its First Response brand into the dietary supplement set. First Response multivitamin gummies were developed to provide women with the recommended amount of folic acid in a gummy form.
Why do **dark horse** companies win?

We cheer for them, marvel at their tenacity, and hope for their victory over stronger, better-known competitors. Go inside the minds, hearts, and boardrooms of companies who are winning big despite being smaller and having a lower profile.

**Here’s the Blueprint!**

“Dan truly understands the power of the “Dark Horse.”
— Joseph C. Magnacca
 CEO, Massage Envy

“A must-read book for anyone who is inventing or re-inventing their business.”
— Ken Martindale
President & COO, Rite Aid

“Dan has handed us the playbook by breaking down for all of us how dark horses win.”
— Eric Ryan
Co-founder, Method

“Dan Mack has uncovered the hidden assets and blueprint that challenger companies utilize to unlock the secrets to achieve game changing results.”
— Shannon Curtin
Vice President, Coty

[www.darkhorsebook.com](http://www.darkhorsebook.com)
Sports nutrition an emerging category
Consumers seek “cleaner” ingredients in their food

By Michael Johnsen

Sports nutrition is a category beginning to emerge as a viable destination center within mass outlets, as evidenced by growth behind brands like Premier Nutrition. For the 52 weeks ended Oct. 30, Premier Nutrition generated $160.9 million in sales on 85% growth, according to IRI across total U.S. multi-outlet.

The trend line behind this mass growth is a gravitation toward “cleaner” ingredients, and mass outlets lend a sort of credibility toward this perception.

“Clean foods have risen in popularity over the years as consumers have become more health conscious and savvy regarding how to power their bodies both on and off the field,” noted Eric Zaltas, VP research and development at Premier Nutrition.

Premier Nutrition’s Clean Whey products arrive in the midst of a complete relaunch for the brand, as PowerBar unveils a more approachable personality. “Our new Clean Whey product line is just another step in our journey to become more transparent and to power these communities through improved and on-trend nutrition,” said Doug Cornille, PowerBar’s VP marketing.

Brand marketers also are breaking away from proprietary blends, said Raul Gil, Nutrex Research’s VP sales, giving consumers a firm grasp of exactly how much of what ingredients they’re ingesting. “Every single ingredient is in there and at an efficacious dose, clinically proven to work,” he said.

Nutrex powers up before workouts

Nutrex is introducing a new pre-workout product called OutLift that is differentiated by having no proprietary blend (full disclosure ingredients) and contains no “banned” ingredients. Fully-disclosed labels means the formulation of the product isn’t hiding within a proprietary ingredient. “It’s 10 clinically-dosed ingredients,” said Raul Gil, Nutrex research VP sales.

It’s Nutrex’s first foray into the mass market for its non-diet SKUs, notable as the pre-workout category is beginning to emerge as a viable destination center within mass outlets.

<table>
<thead>
<tr>
<th>BRAND</th>
<th>SALES*</th>
<th>% SALES CHG</th>
<th>UNIT SALES*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private label</td>
<td>$223.5</td>
<td>8.7%</td>
<td>28.5</td>
</tr>
<tr>
<td>Premier Protein</td>
<td>160.9</td>
<td>85.0</td>
<td>12.6</td>
</tr>
<tr>
<td>Muscle Milk</td>
<td>139.0</td>
<td>2.7</td>
<td>21.1</td>
</tr>
<tr>
<td>Body Fortress Super Advanced</td>
<td>94.6</td>
<td>-12.1</td>
<td>5.1</td>
</tr>
<tr>
<td>EAS AdvantEdge Carb Control</td>
<td>54.6</td>
<td>-7.0</td>
<td>7.8</td>
</tr>
<tr>
<td>Pure Protein</td>
<td>36.3</td>
<td>-13.6</td>
<td>3.5</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>$3,220.5</td>
<td>12.9%</td>
<td>326.8</td>
</tr>
</tbody>
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*In millions
Source: IRI for the 52 weeks ended Oct. 30 Total U.S. Multi-Outlet (supermarkets, drug stores, mass market retailers, military commissaries and select club and dollar retail chains)
Healthy snacks eat into diet aids sales
Increased awareness in healthy meal-replacement options

Michael Johnsen

Sales of diet aids are rocketing across retail right now thanks in no small part to the 38% of Americans who made weight-related resolutions for 2017. Of course, it won’t last long. As many as 25% of New Year Resolutionists lose their conviction in the first week. And less than half will still be weight-loss focused at the mid-year mark.

On an annualized basis, however, sales of diet aid tablets are down 10.2% to $326.3 million across total U.S. multi-outlet channels, according to IRI. That means one of two things: Either more and more people are actually not overweight anymore, or more and more people have stopped caring that they’re overweight.

As much as your gut may lead you to believe in the latter, the truth may actually be in the former. U.S. adult obesity rates in 2015 actually decreased in four states (Minnesota, Montana, New York and Ohio), marking the first time in the past decade that any states have experienced decreases, according to a report from Trust for America’s Health and the Robert Wood Johnson Foundation.

And the culprit behind diving diet aid sales? It’s most likely an increased awareness in healthy meal-replacement options (sales of Slim Fast, for example, are up 231.6% to $126.3 million) and the upsurge of fitness as a social norm in America. More than 100 million U.S. adults in the United States regularly exercise two or more times a week, an increase of 54% since 1995, according to 2015 data from Mediamark Research & Intelligence.


BOTTOM LINE

Plant-based protein takes off

Troy Talarico, Fusion Diet Systems

_troy talarico, vp sales fusion diet systems, discusses the consumer diet aid trend._

**DSN:** Where is the white space in today’s diet sets?

**Troy Talarico:** Plant-based protein for many was a novelty or fringe offering. But it’s a very large category now. Merchandisers who don’t have a plant-based protein [option] are missing out on a segment of the population who are lactose intolerant, vegetarian or vegans, or want something that’s just healthier than a whey protein powder. Our goal is to revolutionize this category. We want our buyers to know that in addition to appropriate margins, competitive pricing, marketing support, we are going to give them a protein lineup that tastes good.
Aromatherapy is piping hot
Essential oils is a fast-growing trend in wellness products

By Michael Johnsen

The proof a category is hot can be measured not only by the number of players looking to participate in that category, but also by the heft of new entrants. Such is the case with aromatherapy, and this year, a major player in the VMS space is “getting their sniff on.”

“We are launching a brand new line of aromatherapy essential oils called Nature’s Origin,” Jodi Katz, Nature’s Bounty director of corporate communications, told Drug Store News. “These are 100% pure and natural essential oils that are free from parabens [and] gluten.”

Piping Rock Health Products has been a trailblazer for this relatively new-to-mass-outlets category. “We have identified a demand in the marketplace for these items though our customer data, and have taken a big stance to get out in front of this trend.” Nature’s Truth SVP sales and marketing Kimberly Vigliante said. “Our goal is to be the premier provider of aromatherapy in wellness products that consumers can depend on to offer the latest innovations to meet their growing needs.”

“Aromatherapy is one of the fastest-growing trends in wellness today,” confirmed Scott Rudolph, CEO of Piping Rock Health Products. “There are extremely strong upward trends in the essential oil marketplace. We are seeing more than triple-digit [growth],” he said. “Aromatherapy has now become mainstream, and consumer awareness is growing.

<table>
<thead>
<tr>
<th>SUPPLEMENT</th>
<th>PHYSICAL BENEFITS</th>
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<tbody>
<tr>
<td>Lavender oil</td>
<td>Supports skin health, and helps ease muscle and joint discomfort.</td>
</tr>
<tr>
<td>Peppermint oil</td>
<td>Supports healthy digestion and clear respiration, and promotes free-flowing circulation.</td>
</tr>
<tr>
<td>Lemon oil</td>
<td>Promotes skin health and the immune system.</td>
</tr>
<tr>
<td>Tea tree oil</td>
<td>Promotes healthy skin and nails when used topically.</td>
</tr>
<tr>
<td>Bergamot oil</td>
<td>Supports skin and nervous system health.</td>
</tr>
</tbody>
</table>

Source: PipingRock.com

Nature’s Bounty unveils new lineup
Nature’s Bounty launched a line of aromatherapy products under the Nature’s Origin banner. The line includes an essential oils kit designed to attract new shoppers, as well as a “Travel with Scents” that has four scents packaged in a branded tin and diffused in easy-to-carry inhalers. The lineup features three diffusers, including one that can be in continuous operation for up to eight hours and fill a room of up to 400 sq. ft. with the optimal scent. A second diffuser can be in continuous operation for up to four hours for a suggested room size of 50 sq. ft. Finally, there is the “Travel Diffuser” with a fragrance range of 100 ft.
The one truth a new Trump Administration and a Republican Congress represents is change, and for some, that spells opportunity.

That’s exactly how the Council for Responsible Nutrition feels as the trade organization embarks on an ambitious policy agenda over the next few months, with plans to meet with each of the more than 60 freshman members of Congress. “We make a commitment every Congress to get to all the new members in the first 100 days,” Steve Mister, president and CEO of CRN, told Drug Store News. Following is a rundown on what purveyors of supplement and nutrition products can expect from CRN in the coming year.

**DSN: In the first 100 days of Congress, what will you be sharing with legislatures?**

**Steve Mister:** We will be talking to them about the benefits of the products; about the economic study we did last summer that shows the value the industry brings to local community [and] cost savings; [and] how the use of supplements saves the health system money; to demonstrate the benefits of products. That leads us to the Dietary Supplement Caucus, which is one of the “asks” we have in those meetings is to join the caucus. The caucus will host briefings throughout the year to constantly educate members of Congress and their staff.

**DSN: Which are the key legislative issues that may play out this year?**

**Steve Mister:** This year, we’re focused on trying to get multivitamins included in the SNAP program. The Farm Bill will come up for reauthorization in 2018, and that’s when they’ll reauthorize the food stamp program. We have to start work on that now; we can’t wait until 2018. We’ve got a lot of opportunity this year to build that position, talking about why low-income people need to have access to multivitamins. We really need to give these people options. We’ve talked to retailers about this, and they’re very interested in this — it allows chain drug stores and retailers to [position] their stores as health centers.

**DSN: With Rep. Tom Price, R-Ga., set to assume command of Health and Human Services, how does that selection sit with the VMS industry?**

**Steve Mister:** That’s a good choice for the industry. … As we look at the Trump Administration, the combination of re-examining ACA and the fact they say they’re going to do tax reform are real opportunities for us to get HSAs into the legislation.

**DSN: What does an ACA rollback mean for the VMS industry?**

**Steve Mister:** The rollback of ACA isn’t going to have a big impact on us from a legal policy standpoint, except, one of the initiatives we’ve been working on for several years is trying to get dietary supplements included in flex spending and healthcare savings accounts. If you remember, it was ACA that took that away from over-the-counter medicines [and] since 2010, Obamacare became the third rail for Democrats — nobody would touch it. The moment we started talking about including dietary supplements in FSAs and HSAs, they would bristle. They didn’t want to do anything that looked like they were undermining the President’s healthcare plan. Now that that’s no longer a sacred cow, and the fact that we’re going to do some serious tax reform, we’ve got a real opportunity in this Congress to talk about FSAs and HSAs and actually get it done.

$5.8 billion in state and local taxes is generated by the VMS industry, which employs more than 750,000 Americans.
DID YOU KNOW?

Nature Made® is recommended by Pharmacists in more categories than any other vitamin and supplement brand.*

Nature Made® buyers spend significantly more each year in Pharmacy ($349) than the average VMS category buyer ($293)

Pharmavite Customer Value Proposition

VMS/Health & Wellness Affinity  Profitable Volume Growth  Commitment to High Quality  Supply Chain Excellence  Shopper Engagement/Activation  Innovation  VMS/Pharmacy Affinity

*Based on US News & World Report - Pharmacy Times Survey, Nature Made is the #1 Pharmacist Recommended Brand in Nine Categories - Letter Vitamins, Omega-3/Fish Oil, Coenzyme Q10, Flaxseed Oil, Herbal Supplements, Cholesterol Management, Natural, Garlic, Diabetic and Mood Health Supplements.

† These statements have not been evaluated by the Food and Drug Administration. These products are not intended to diagnose, treat, cure or prevent any disease.