Emerging Wellness Trends | A Look Ahead

Top Wellness Trends to Watch in 2024

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Table of Contents

Wellness trends have seen strong growth in the past few years, but what's next?

Introduction

In January, Sherry Frey, VP of Total Wellness and Brandon Galindo, SVP of Product Insights at NielsenIQ hosted a webinar diving into the trends we're seeing emerge in 2024.

To make the valuable information they shared even more actionable for wellness 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 drivers of change in the category in 2023 was the impact of inflation. Increased retail prices impacted volume across the store, more in non-food than food and drove major shifts in consumer behavior.

Still, one of the key benefits of wellness is that is 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.

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

- How economic challenges are shaping the wellness market
- What health and weight loss trends are growing
- The growth of clean label
- Consumer focus on sustainability
- And more

72%

of consumers were financially vulnerable in 2023.

Source: NIQ, Retail Measurement Services – NIQ Product Insight, powered by Label Insight; Total US xAOC; Total Food & Beverage vs Non-Food; $, Unit, and Avg Unit Price % Change vs year ago; 52 week ending December 2, 2023

NIQ Total Wellness

Protective

Preservation

Aspirational

Altruistic

Evolving

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Economic Challenges

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Economic Challenges

Inflation strained consumers' wallets and dominated headlines throughout 2023. These pressures reshaped the retail marketplace and caused strain on retailers, manufacturers, and consumers alike.

The simple reality for many is that the prolonged and compounding effects of inflation meant that consumers were spending more for less volume. This means brands are fighting for a smaller share of the pie. Though inflation is slowly tapering off in the U.S., increased prices are still forcing consumers to change their spending habits.

With that in mind, here are three ways that inflation impacted the Wellness market:

1. Inflationary Belt Tightening

In 2023, consumers were actively changing their purchasing behaviors by gravitating towards stores offering lower prices, particularly in the wake of inflation. Value-based retailers saw a notable uptick in sales, marking a **3%** increase and claiming **42.7%** of CPG sales in September.

In 2024, as prices stabilize, retailers and manufacturers must explore new avenues for growth, including innovation, promotional strategies, and catering to evolving consumer demographics such as an aging population and multicultural cohorts. Luckily, many wellness brands are well-positioned to make these changes.

2. Private Label Growth

Similarly, last year, Private label products, offering an average of **13%** savings compared to national brands, made a significant impact, capturing **19.3%** of consumer spending in the CPG sector. Their growth has outpaced national brand sales by 8% in the past year, highlighting a shift in consumer preferences toward cost-effective alternatives.

In the wellness category, Private label growth is beginning to slow, opening up opportunities for more brands to recover market share going forward.

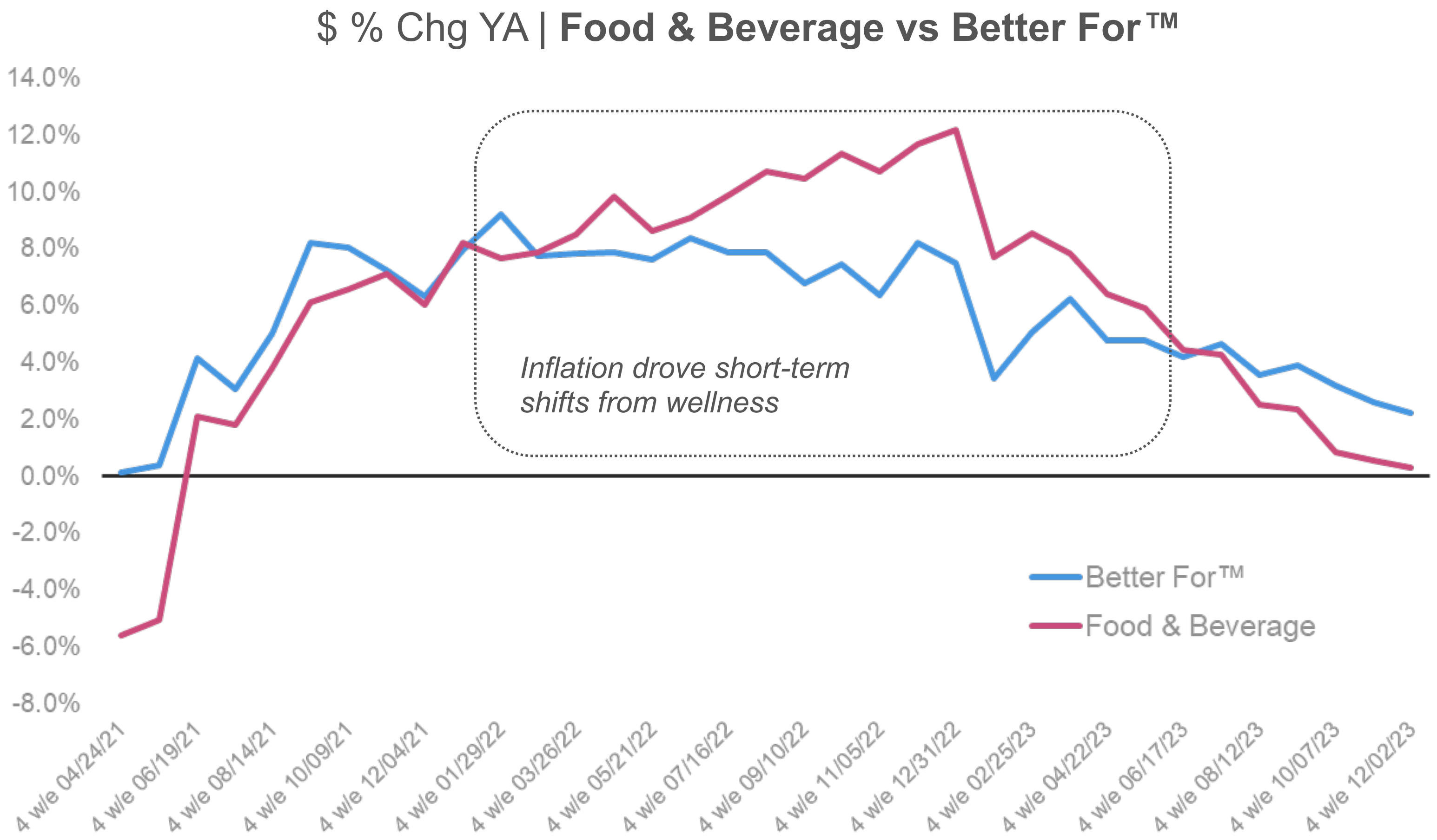
Sources: NielsenIQ, Total US xAOC, 5 weeks ending September 2023, NIQ, Retail Measurement Services – NIQ Product Insight, powered by Label Insight; Total US xAOC; Total Food & Beverage vs Non-Food; $, Unit, and Avg Unit Price % Change vs year ago; 52 week ending December 2, 2023

Economic Challenges

3. Better For™ Shifts

NIQ's Better For Segment™ goes beyond the "Natural Channel", which, as defined by competitors, misses **90%** of the actual Better For™ market, where Premier Fresh shoppers spend 8x more share of wallet. Better For™ products are sold in every retail outlet, so the impact of inflation was felt just as strongly in this segment.

Luckily, like the overall Food & Beverage market, Better Better For™ products are shifting back from their inflationary levels. When it comes to understanding and winning with constrained consumers, it's essential to take note of where the population stands in terms of their perceived economic situation going forward.



Source: NIQ, Retail Measurement Services – NIQ Product Insight, powered by Label Insight; Total US xAOC; Total Food & Beverage vs Better For segment; $ % Change vs year ago; 4-week trended through week ending 12/2/23

Health & Weight Loss Trends

Health & Weight Loss Trends

In 2023, we saw the unexpected rise of a unique sector of the wellness market: weight-loss drugs. Though previously used, weight-loss drugs like Wegovy and Ozempic took center stage as more American consumers looked to use the medication in lieu, or in support, of traditional diets.

The medications are currently expensive in the United States, topping **$1,000** per month and currently not covered by most insurance. Most users will also need to stay on them for life to maintain weight loss. Despite this (or perhaps because of it), Goldman Sachs predicts that these drugs will be the most successful class of pharmaceuticals of all time.

However, the sector is evolving: heightened competition, cost and sustainability issues, and diverse treatment explorations shape the landscape. Market leadership will hinge on providing affordable, lifelong care solutions, robust support systems, and a versatile treatment portfolio.

That's largely because weight-loss drug usage isn't yet widespread enough to make a difference to the food economy. As more weight-loss drugs are developed and approved by the FDA, that could all change. But the stars must align, and in this case that means: Shortages cease, the price comes down, health insurance begins covering these drugs for weight loss, and more.

Going forward, food service and restaurants may see bigger vulnerability than grocery as consumers have more control over what they put in their bodies. This shift is also likely to have major implications for the beauty and personal care market.

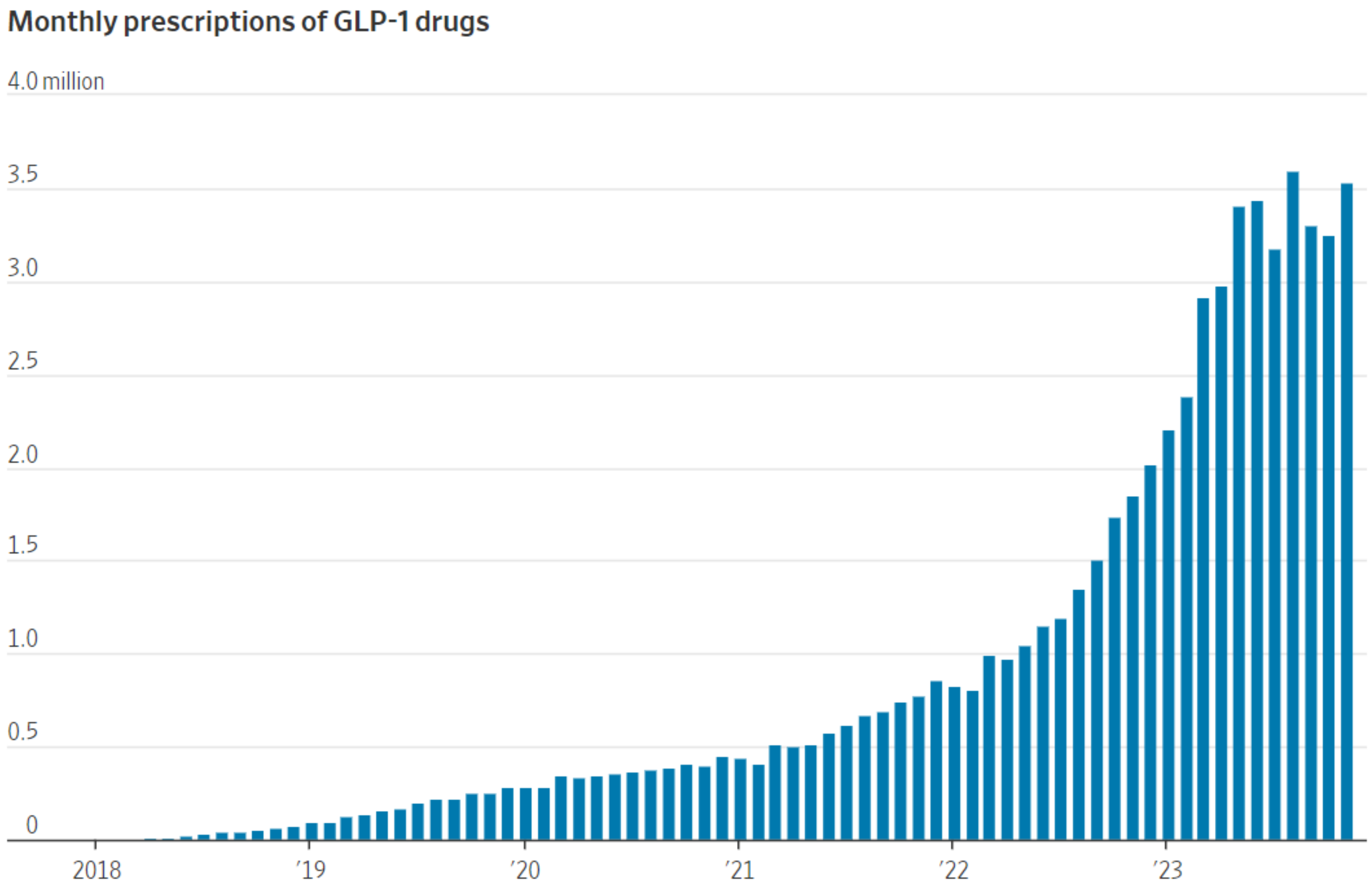
Wellness brands should keep a close eye on this trend as the year goes on.

2X

households reporting obesity/overweight and taking weight-loss drugs.

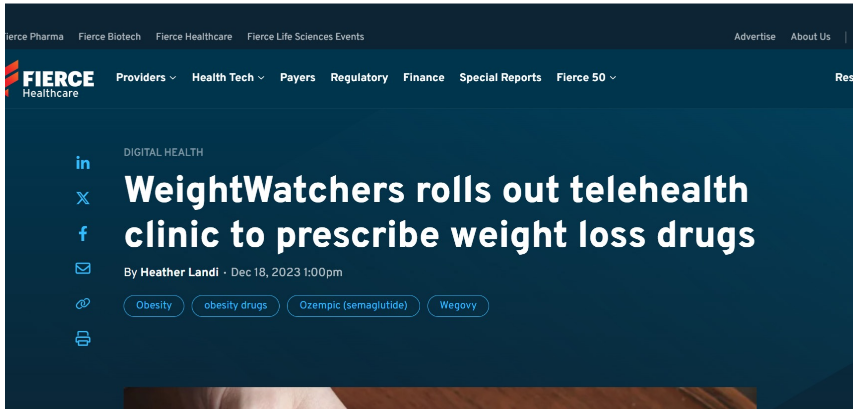
Source: NIQ, What's Next in Wellness 2024 Webinar

Obesity and weight loss is a rapidly shifting landscape with new players and cultural shift in obesity conversation



Note: includes Ozempic, Wegovy, Mounjaro and Zepbound
Source: IQVIA Institute for Human Data Science

Glucagon-like peptide-1 receptor agonists or GLP-1 drugs work by mimicking the Glucagon-like peptide-1 hormone, which plays a key part in regulating appetite and blood sugar levels.



Clean Label Growth

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Clean Label Growth

Imagine food labels you can actually understand, bursting with familiar ingredients you might find in your own kitchen. That's the magic of clean label, a movement transforming the food industry by putting transparency and simplicity at the forefront.

In 2023, clean label products outperformed total store trends as consumers continued to gravitate toward the products. In fact, **76%** of grocery shoppers say transparency is important, an increase of **7pts** since 2018.

Here's what clean label looks like in 2024:

Clean label is all about:

Simple, recognizable ingredients: Think fruits, veggies, whole grains, nuts, and spices – ingredients consumers can pronounce and feel comfortable with putting in their bodies.

Minimal processing: No need for harsh chemicals or artificial stuff. Clean label celebrates food in its natural, wholesome state.

Transparency: Labels are clear and concise, free from confusing jargon and hidden additives. Consumers know exactly what they're getting!

Why is clean label such a hit?

Sustainability: Many clean label brands prioritize ethically sourced, environmentally friendly practices.

Supporting local farmers: Choosing clean label often means supporting small, sustainable farms that share the consumer's values.

Culinary creativity: Clean label doesn't mean boring! Innovative brands are using simple ingredients to create exciting and flavorful products.

Source: NIQ Retail Measurement Services, NIQ Product Insight, powered by Label Insight; Total US xAOC; Total Food & Beverage; $ Share, Number of UPCs selling impacted; Total US xAOC, Total Food & Beverage; 52 weeks ending September 30, 2023
1 - FMI and NIQ 2023 Transparency Report

Clean label *out-performing* total store trends

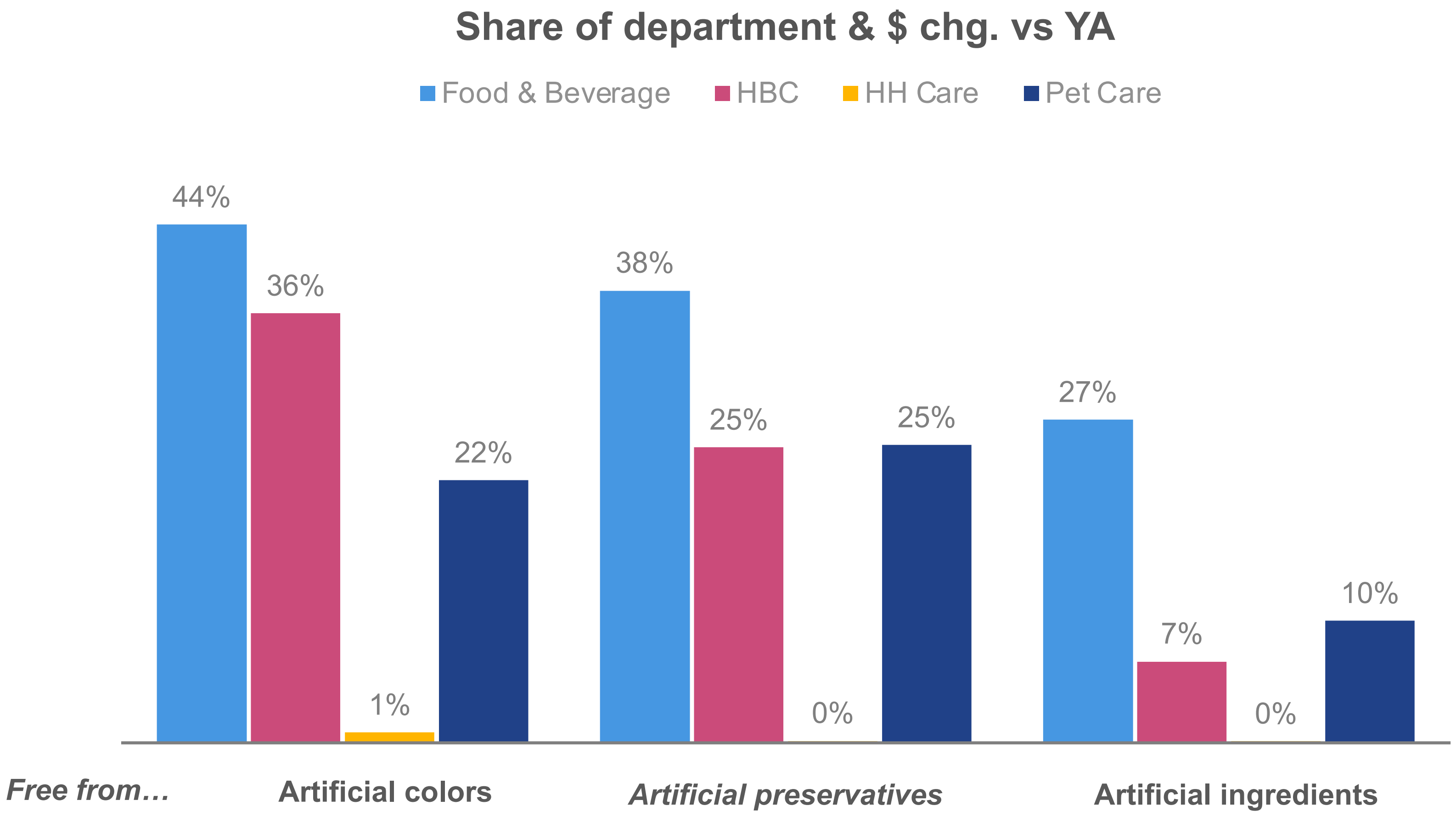
+8%
Clean Label

+6%
Total Store

4-year $ CAGR

Continued growth of clean label across store

24% of consumers proactively look for no artificial ingredients, up 6 pts versus year ago



Qualified attributes = derived from the ingredient label on package

Source: NIQ, Retail Measurement Services, NIQ Product Insight, powered by Label Insight, Total US xAOC; Total Store; $ Share of Department, $ % change vs year ago; 52 weeks ending December 30, 2023
FMI Health and Wellbeing Report, 2023

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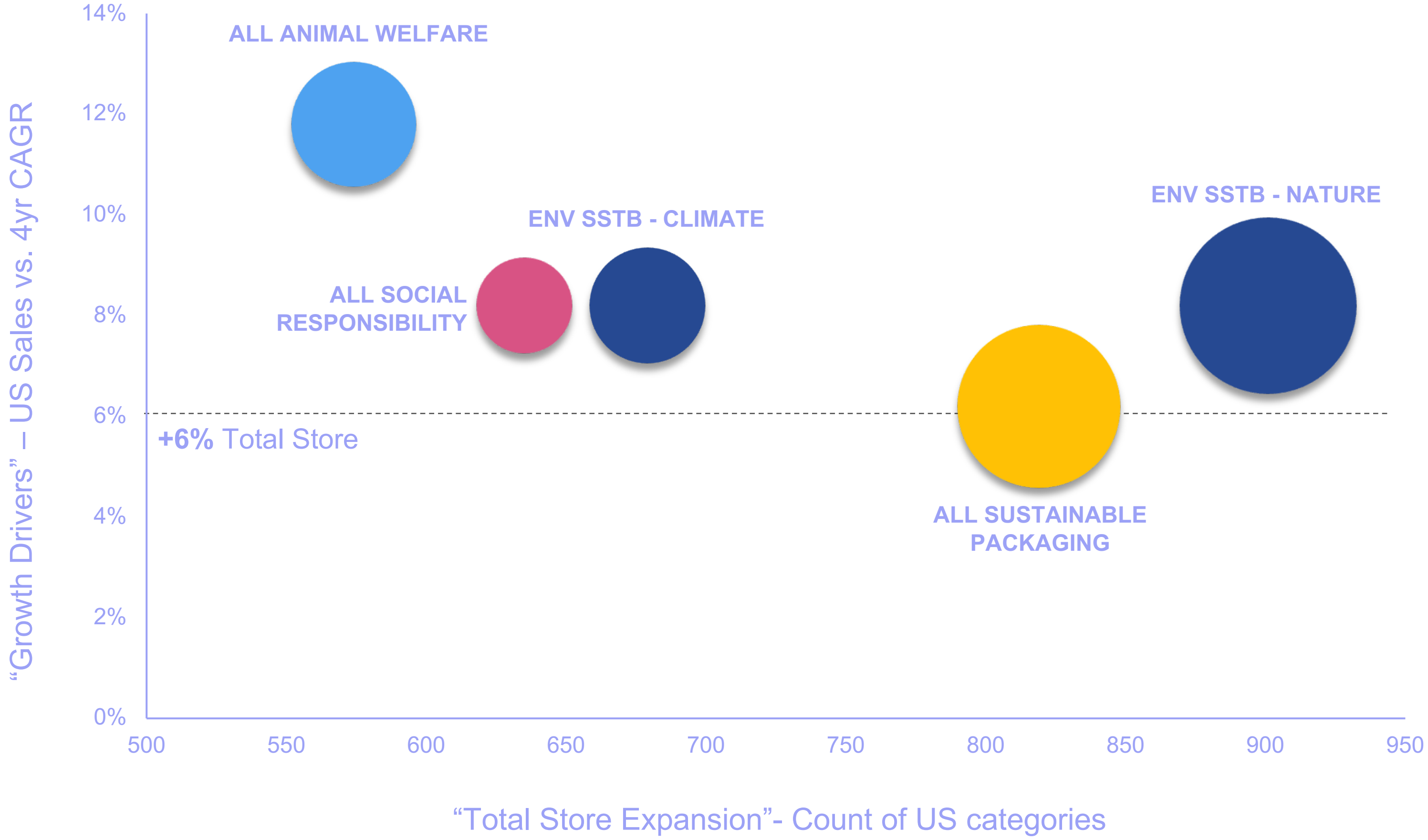
Sustainability

Sustainability

Over the past ten years, we have seen positive consumer sentiment toward sustainability and anticipated that purchasing preferences would drive the industry toward a green revolution. And while the growth hasn't been as rapid as expected, sustainability in 2023 grew at a pace faster than total store.

2024 looks to be a year of opportunity for sustainable brands. **61%** of consumers agree that environmental issues are having an adverse impact on their current and future health and, last year, products with sustainable claims grew at a rate of **6%** vs. **4.5%** for those that didn't. Consumers are demanding more sustainability from their brands, and that isn't going away anytime soon.

Sustainability outpacing store growth



Bubble size denotes total sales in L52 week All attributes represent claims STATED on package unless indicated by an * symbol
Source: NIQ, Retail Measurement Services, NIQ Product Insight, powered by Label Insight, Total US xAOC; Total Store; # of Categories selling, 4-yr CAGR ($); 52 weeks ending December 30, 2023

What makes a brand sustainable?

Source: NielsenIQ 2023 Sustainability Report - Q: Coming back to grocery brands, which of these claims do you believe make a brand “sustainable”?

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Consumer engagement with sustainability varies

US results

	34% **Skeptics**	14% **Idealists**	22% **Minimalists**	11% **Healthy 'me' & 'planet'**	19% **Evangelists**
	Low awareness and priority	*Passionate but struggle to put into practice*	*Basic awareness of sustainability but no strong motivation*	*Embrace importance with a focus on health and take some action*	*"Walk the talk"*
Say How important is sustainability?	●○○○○○○○○○	●●●●●●●●○○	●●●○○○○○○○	●●●●●●●○○○	●●●●●●●●○○
Do What actions do they take?	●●●○○○○○○○	●●●●○○○○○○	●●●●●●○○○○	●●●●●●○○○○	●●●●●●●●●●
Meaning What sustainability means to them	*Low association to any aspect*	*Better conditions for farmers* *Giving back to society* *Support of minorities*	*Reduced pollution*	*Almost all aspects from planet to people*	*All aspects from planet to people*

Health Equity

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Health Equity

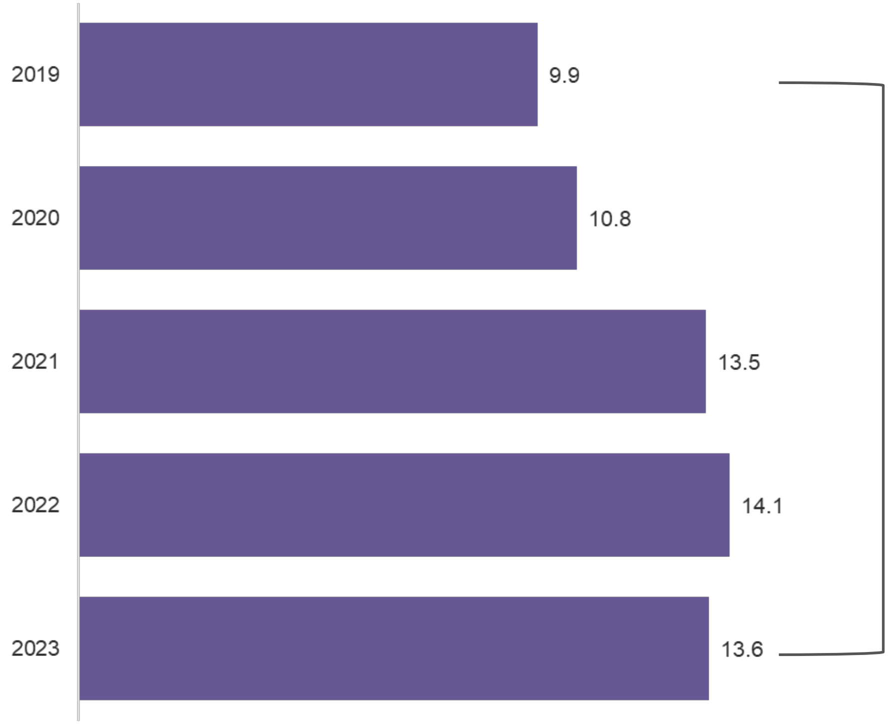
SNAP Reductions have caused challenges

A September 2023 NielsenIQ BASES study revealed some interesting differences between SNAP and non-SNAP consumers when they asked respondents how they planned to change their spending habits in the next six months. **58%** of households who receive SNAP benefits said they intended to decrease spending on dining out, compared to **37%** of non-SNAP households.

In 2023, the reduction of SNAP benefits directly impacted their wellness consumption. Recipients contributed **22.4%** of unit volume to Better For™ Food and Beverage, representing about **$2.7B**. This is a 2.6-point decrease from last year, where contribution stood at **25%.** This trend is likely to continue as food costs remain high and SNAP benefits remain at their current level.

SNAP Contribution to Consumption of Products with Wellness Claims

SNAP HHLD Average % of Units for of Products with various Wellness Claims



SNAP HHLD Contribution to Consumption has increased by **+3.7pts**. since 2019 and decreased by .5 pts. since the decrease in benefits

Source: NIQ, Homescan Panel SNAP Survey; Total Outlets; Food & Beverage; % of Dollar Sales; 3/5/23-7/22/23; [1] US Census Bureau; [2]AARP Public Policy Institute; NIQ, Homescan Panel SNAP Survey; Total Outlets; Food & Beverage; % of Dollar Sales; 3/5/23-7/22/23

Ailments in Low Income HHLDs versus Total Panel | 2023

% of households

Low Income HHLDs | Total Panel

Ailment	Low Income HHLDs	Total Panel
Urinary incontinence	37%	8%
Restless Leg Syndrome	37%	6%
Muscle Pain	36%	12%
Depression/Anxiety	35%	22%
Arthritis	34%	24%
Asthma	34%	12%
Eye Disease	34%	6%
Constipation (chronic)	34%	6%
Gum Disease	33%	7%
Insomnia/Sleeplessness	33%	16%
Diabetes – Type II	32%	13%
Hair Loss	30%	10%
Joint/Neck/Back pain	30%	28%
Attention Deficit Disorder	30%	9%
High Blood Pressure	30%	30%
Irritable Bowl Syndrome (IBS)	30%	7%
Skin Condition (not acne)	30%	8%
Dry Eye	29%	10%
Obesity	29%	24%
Acid Reflux	29%	33%
Headache/migraine	29%	15%
Imperfect Vision	28%	27%
Pre-Diabetes	27%	7%
Allergies (food related)	27%	8%
Cholesterol Problems	27%	21%
Acne	26%	9%
Allergies – nonfood	25%	41%
Eczema	25%	9%
Lactose Intolerance	25%	12%
Upper Respiratory Illness (RSC, Coronavirus)	24%	10%
Menopause	22%	7%

Source: NIQ Annual Shopper Health Study, 2023, 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

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How to Leverage These Habits and Grow

How to Leverage These Habits and Grow

The key to being a successful CPG brand is learning from past experiences, understanding the markets, and adapting as necessary to fit the shifting demands of consumers. But, this is often easier said than done.

With that in mind, here are **3 key tips** to leverage the habits of successful brands:

1. Put the Customer First

CPG inflation has been hurting American shoppers' wallets since April 2020. But that doesn't mean that price is the only thing they care about. Understanding the different methods they're using to cope with the pressure is key.

For example, **a quarter** of Americans are buying larger sizes of products with long shelf lives as a savings strategy to get a lower cost per use. Knowing how you can leverage this information can help drive growth.

2. Don't be Afraid

Successful brands are willing to take risks and act quickly. But this doesn't mean acting without purpose. The courage to lead requires a clear understanding of the market, your brand, and the state of consumers.

Getting in on an emerging trend early can help you gain market share and take on the competition. Don't be afraid to test out new markets, products, or personas and see what works for your brand and what doesn't. A missed opportunity can be costly.

3. Invest in Data and Insights

No business can rise to the top if they're acting on partial or inaccurate data. Successful brands are investing in the right tools to help them understand the market and act intelligently.

For example, NIQ data shows that the best-performing product formulations have **7x** the potential to survive in the market after three years. When product innovations are built on the back of accurate data, you can get a bigger return on product launches.

Source: NIQ, Total US xAOC, 4 weeks ending April 1, 2023; NIQ, Total US xAOC, 4 weekly periods ending February 25, 2023; NIQ Global Inflation Hub

Go Beyond Sales Data with NIQ's Better For Segment™

NIQ's Better For Segment™ is a straight-forward method to classify products, enabling scalability. It's the first algorithm that identifies brands through product characteristics, positioning, sales and distribution.

Better For SegmentTM goes beyond the "Natural Channel", which as defined by competitors, misses **90%** of the actual Better For™ market, where Premier Fresh shoppers spend **8x** more share of wallet.

NIQ codes products across all channels and provides the full view of your category, highlighting the roadmap for successful expansion and narrowing your competitive set of category disruptors and differentiated products.

Better For™ **growing faster than total Food and Bev**

10%	of Food & Beverage is ***Better For™***	**+41%**	+34%
14%	of **Dairy**	**+40%**	+36%
10%	of **Frozen**	**+46%**	+38%
10%	of **Meat**	**+40%**	+26%
9%	of **Grocery**	**+47%**	+38%
6%	of **Deli**	**+46%**	+28%
2%	of **Bakery**	**+60%**	+37%

Learn More About Better For

NIQ *Better For*™…

For more insights:

niq.com/global/en/insights/

About NIQ

NIQ is the world's leading consumer intelligence company, delivering the most complete understanding of consumer buying behavior and revealing new pathways to growth. In 2023, NIQ combined with GfK, bringing together the two industry leaders with unparalleled global reach. With a holistic retail read and the most comprehensive consumer insights—delivered with advanced analytics through state-of-the-art platforms—NIQ delivers the Full View™.

NIQ is an Advent International portfolio company with operations in 100+ markets, covering more than 90% of the world's population. For more information, visit NIQ.com.