

## 2020: The Year We Woke Up to Our Interdependence With Retailers

By Steve Mister, President & CEO, Council for Responsible Nutrition

**M**ost of us can't wait for 2020 to come to a close. It represents too many distressing milestones: the pandemic, a presidential impeachment, racial unrest, a divisive election, hurricanes and wild fires, the list goes on. I know that I will be eager to toast to a New Year and new beginnings in 2021.

Nevertheless, as the wisdom of our grandparents tells us, good things can come out of adversity. As I reflect on this past year, one development that goes into the positive column is that this may have been the year retailers and dietary supplement marketers had a fresh awakening to the interdependence between the two. Retailers rely on their vendors for innovative products, reliable delivery and assurances of quality; and product marketers rely on these retail outlets as the gateway to consumers. Both sides have always known that, but perhaps 2020 helped put that symbiosis into starker focus.

The pandemic caused a dramatic increase in dietary supplement sales starting in March; by April, many chain drug, mass and grocery stores reported spikes of 30 percent or more over the last year. At first, consumers were pantry stocking, but the increased sales were sustained and have never returned to pre-pandemic levels. At the same time, supply chains were disrupted, some retailers were shut down, and consumers were reluctant to venture out to shop. So that period also witnessed a striking acceleration in online commerce, raising questions about whether consumers will return to brick-and-mortar stores when the pandemic is over. But the retail experience, whether online or in store, is still how consumers get introduced to new products, compare goods and decide how to engage with our brands.

The pandemic reminded us that ingredient disruptions, unreliable delivery and "out of stocks" impact all levels of the supply chain. If consumers couldn't find their preferred brand of supplements, many supplement users (27 percent according to CRN's COVID-19 survey) reported buying a different brand of dietary supplement or switching from a branded product to a generic/store brand product (21 percent) instead. But supplement users were also likely to experience store closures (16 percent), and many shifted to online purchases, with 38 percent of users reporting making dietary supplement purchases through online-only stores since the pandemic. While

the first set of options injure the brand's sales, but not the retailer's, the second set of purchase alternatives hurt the retailer but not the brand. Collectively, the resourcefulness by consumers and limits to their loyalty to both retailers and brands, remind us that our collective fortunes rise or sink together.

The interdependence between retailers and marketers/manufacturers extends well beyond sales. As we learned back in 2015 during the New York Attorney General ordeal, stores can be targeted by regulators' wrath, and the negative publicity that accompanies it, when questions of quality or safety arise. Consumers are just as apt to associate negative allegations with where they bought the product as they are with the brand itself. That point was reinforced a year later when the FTC (Federal Trade Commission) targeted retailers for their store brand supplements that were making nearly identical claims as the national brands they were imitating. We're all inextricably connected.

It's not surprising then that in the past year, several large retailers have unveiled their own certification programs to evaluate the supplements they put on their shelves. CVS and other retailers have announced various testing programs to confirm the GMP (good manufacturing practice) compliance of the sites where supplements are manufactured, or the accuracy of supplement labels for the identity, purity and quality of what's in the bottle—or both. These types of programs create both potential benefits and risks to brand marketers. While retailer verification programs are welcomed engagements by retailers to help police the supplement aisle of less reputable players and provide a halo to responsible ones, these programs inevitably add costs. The key to moving forward is to assure these programs are harmonized and use consistent, if not identical, auditing standards—otherwise they add unnecessary expense and burden. Imagine 10 different retail chains each imposing their own, slightly different set of requirements.

Luckily, programs such as the Global Retailers & Manufacturers Alliance (GRMA) have also come of age this year, offering an ANSI-accredited standard for third party GMP audits. Wide adoption of these standards by retailers will set a bar for the industry. Supplement quality should be the price of admission to the market, not used as points of distinction among stores. Consumers should have the assurance of

knowing whichever retailer they patronize, everything on the shelf is safe and contains what it claims.

The Supplement OWL (Online Wellness Library), the industry's voluntary registry of dietary supplements provides another opportunity for retailers to set a bar for the market. Retailers should incorporate the expectation that their vendors will list their labels in the Supplement OWL along with their other certification requirements. This registry provides the transparency consumers want and gives regulators the visibility they need to aid enforcement of this \$50 billion marketplace. Widespread adoption of the Supplement OWL is overdue.

As the year comes to an end, CRN is launching another tool that illustrates the connections between retailers and their vendors: our retailer education program for probiotics. Unlike other supplements, probiotics pose unique challenges for retailers, as these products contain living organisms that must stay alive throughout their shelf life to be effective. Sometimes that requires special shipping and storage conditions, even in store, to provide consumers with a beneficial product. They are properly measured by live organism count, not metric weight, and different strains have different health benefits—just identifying the product as a "probiotic" doesn't give consumers enough information to make smart purchase decisions. CRN's new program will educate retail buyers, pharmacists, dietitians and quality control staff about the questions they should ask of their probiotic suppliers and the talking points they should know to help guide their customers to effective products. It's another example of how supplement marketers and retailers can collaborate to improve their collective future.

So even as we kiss 2020 goodbye, let's hope this year of disruption, turmoil and divisiveness has also reminded us that our fortunes are inevitably linked. Let's keep advancing our common interests to provide consumers with products that help them live healthier lives.



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