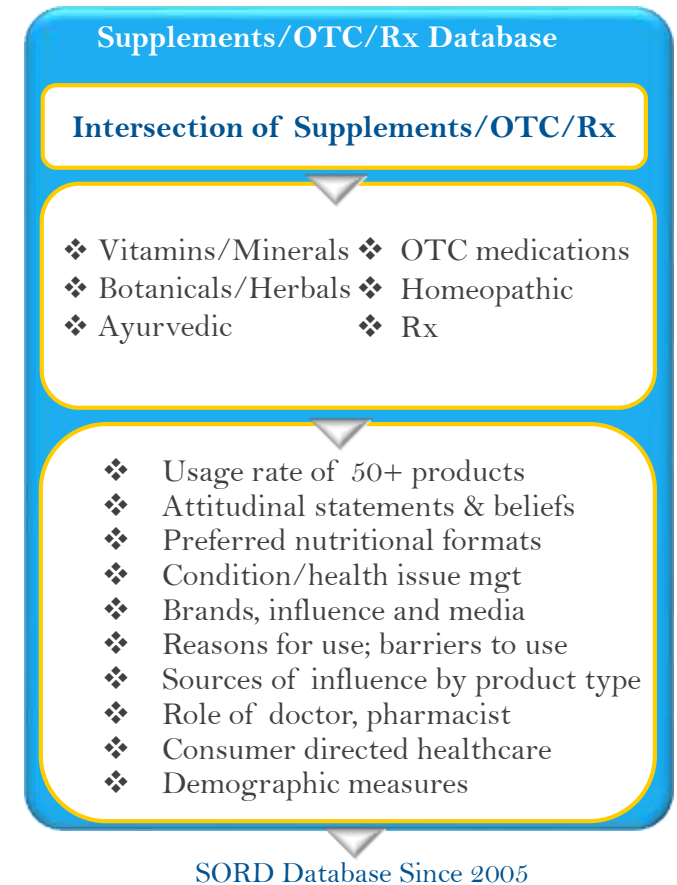




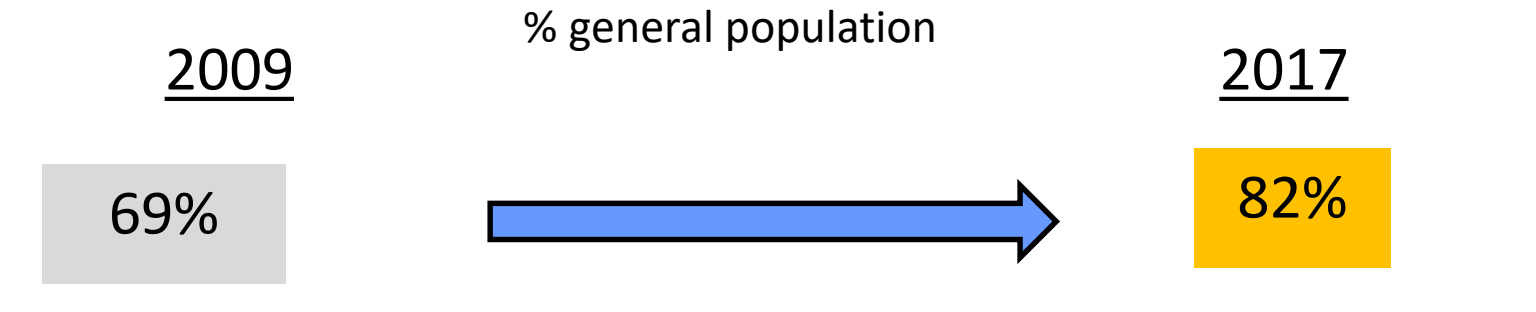
Supplement Users vs Non-users: What We Know: Why Do Supplement Users Stop Purchasing Supplements?

November 2019

- ❖ **Most comprehensive data** available examining the intersection of nutritional supplements, OTC, and pharmaceuticals
- ❖ **Ongoing SORD consumer research** among U.S. general population adults in 2005, 2007, 2009, 2011 and 2013, 2015, 2017, 2018
- ❖ **Nationally representative sample** of the population and statistically valid at the 95% confidence level to +/- 2%; conducted online
- ❖ 4th Qtr. 2018 research was conducted among **2,000+ U.S. general population consumers**
- ❖ **Global studies** have been conducted since 2007 periodically across variety of countries; 2019 countries include:
 - ❖ Argentina, Brazil, Denmark, China, Colombia, France, Germany, India, Indonesia, Italy, Japan, Mexico, and Poland



Consumers are increasingly taking a hands on approach to their own health and well being

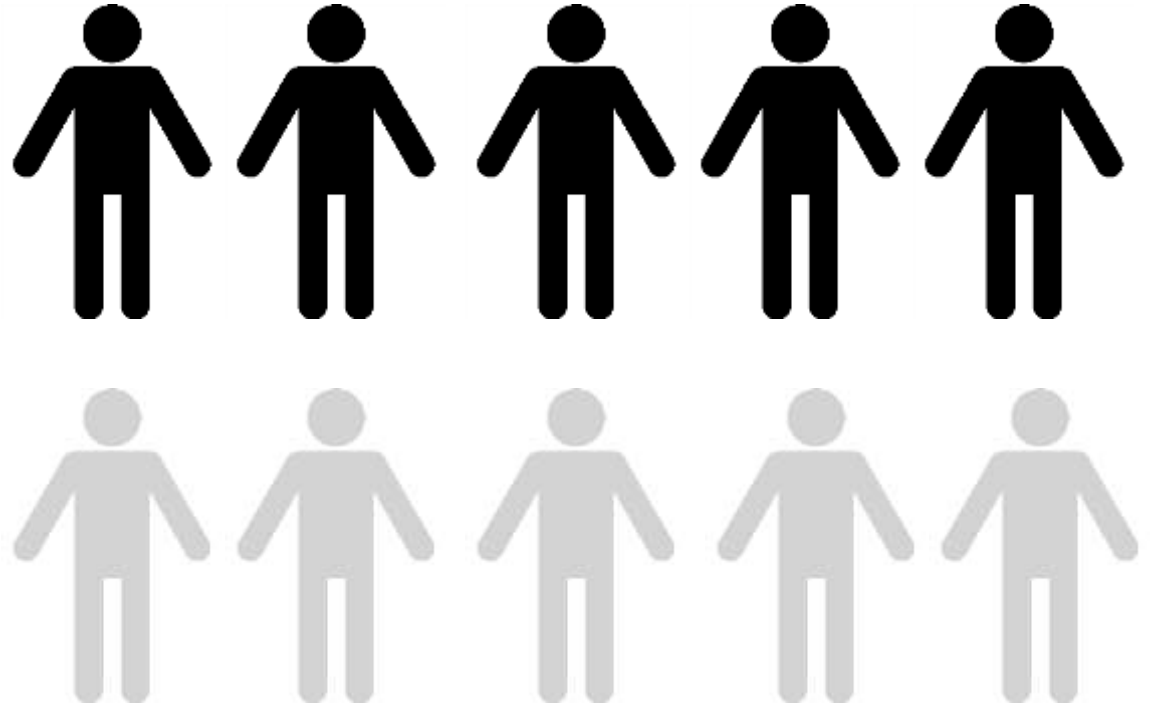


I believe I can manage many of my health issues through proper nutrition



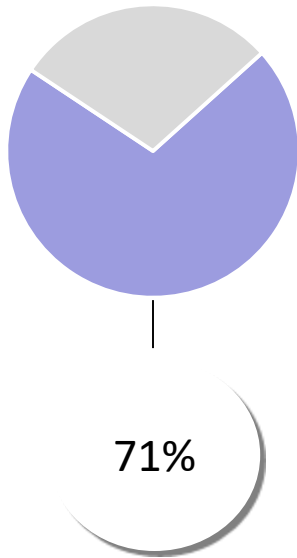
I will take whatever means necessary to control my own health

51% of the population believe they can manage many of their health issues by taking vitamins, minerals and other supplements

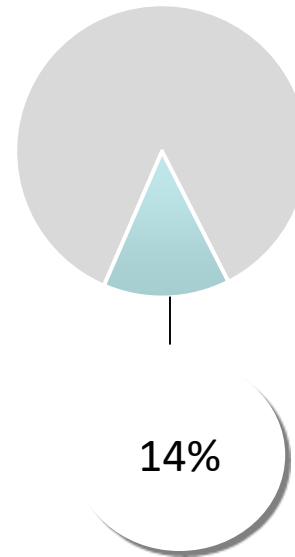


In fact, almost three quarters of the population have used a nutritional/dietary supplement in the past 30 days

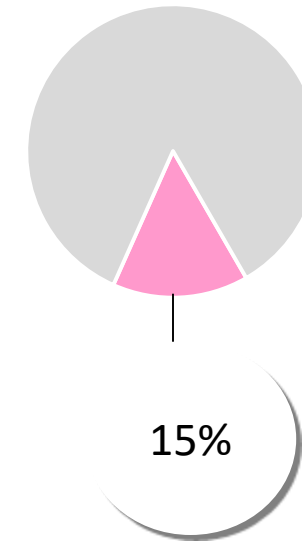
**Current Supplement Users
(past 30 days)**



**Lapsed Users
(used supplements but not in
past 30 days)**



**Non-User
(never used)**



**But what is different about Lapsed and Non-Users?
What are the opportunities among these 70+ million U.S. adults?**

Some demographic differences do exist across types of Users

Current Supplement User



\$\$\$

**Female skew
More affluent**

Lapsed User



\$

**Female – Male split
Much less affluent**

Non-User



\$\$

**Male skew
Less affluent**

NO REAL AGE DIFFERENCES!

Insights regarding the User Groups' different approaches to health may be better understood through NMI's Health & Wellness Segmentation

WELL BEINGS®: 26%

- Most health pro-active
- Healthy eating a priority



MAGIC BULLETS®: 20%

- Lower commitment to healthy lifestyle
 - Quick, easy solutions



EAT, DRINK & BE MERRYS®: 17%

- Least health active
- Little health motivation



FOOD ACTIVES®: 14%

- Mainstream Healthy
- Self-directed balance

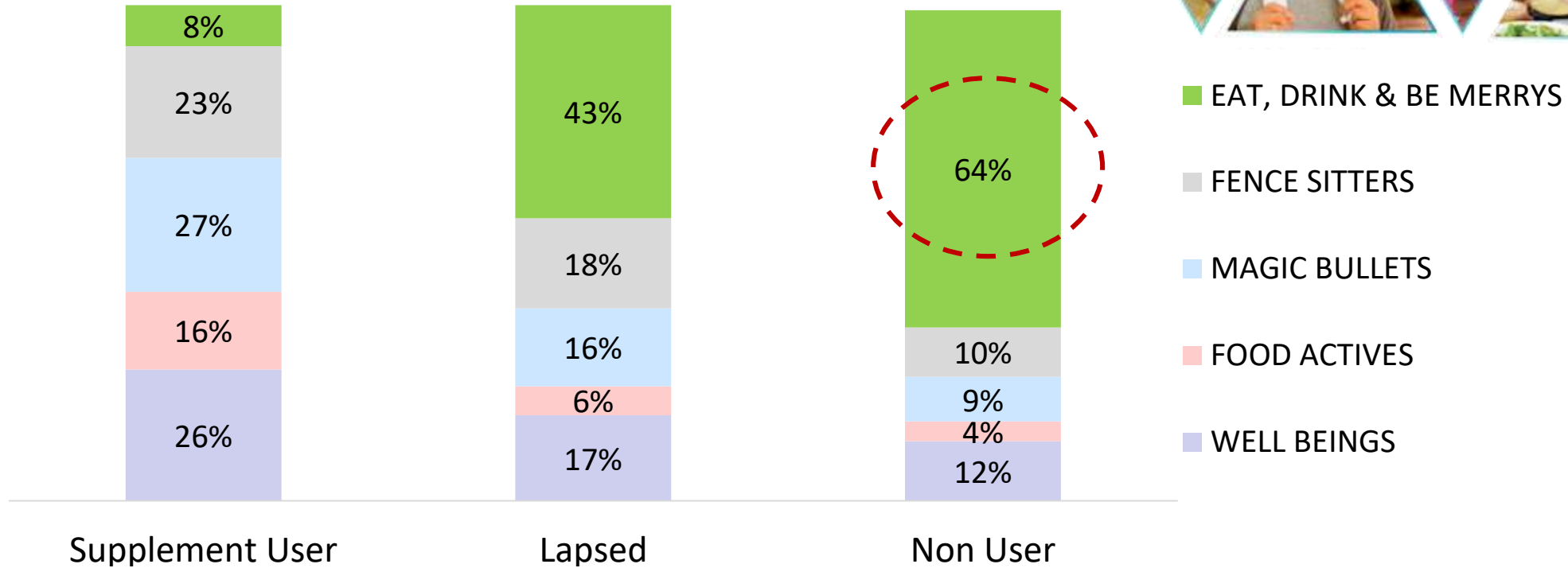


FENCE SITTERS®: 23%

- 'Wannabe' healthy
- Quick, easy solutions



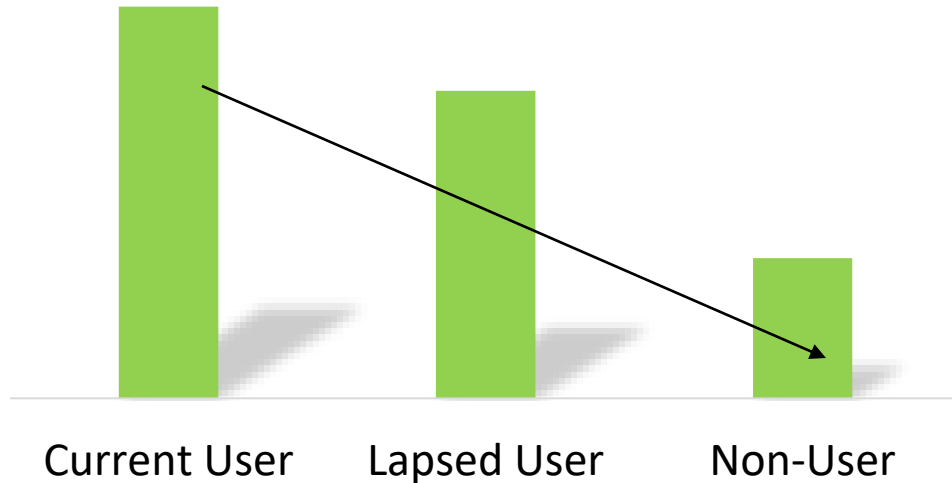
% Health & Wellness segment composition of Supplement Users



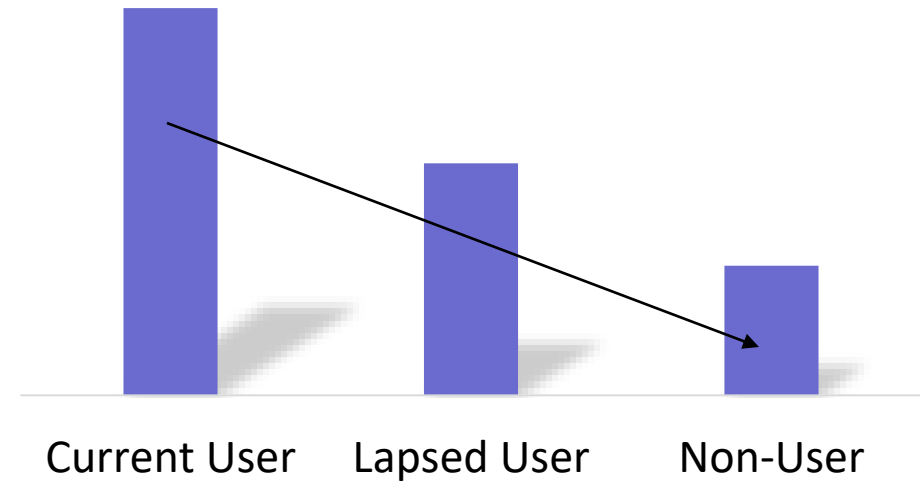
- EAT, DRINK & BE MERRYS
- FENCE SITTERS
- MAGIC BULLETS
- FOOD ACTIVES
- WELL BEINGS

(As would be expected) Lapsed Supplement Users and Non-Users show much less engagement in health seeking behaviors, but why?

I am always searching for alternative ways to improve/maintain my health

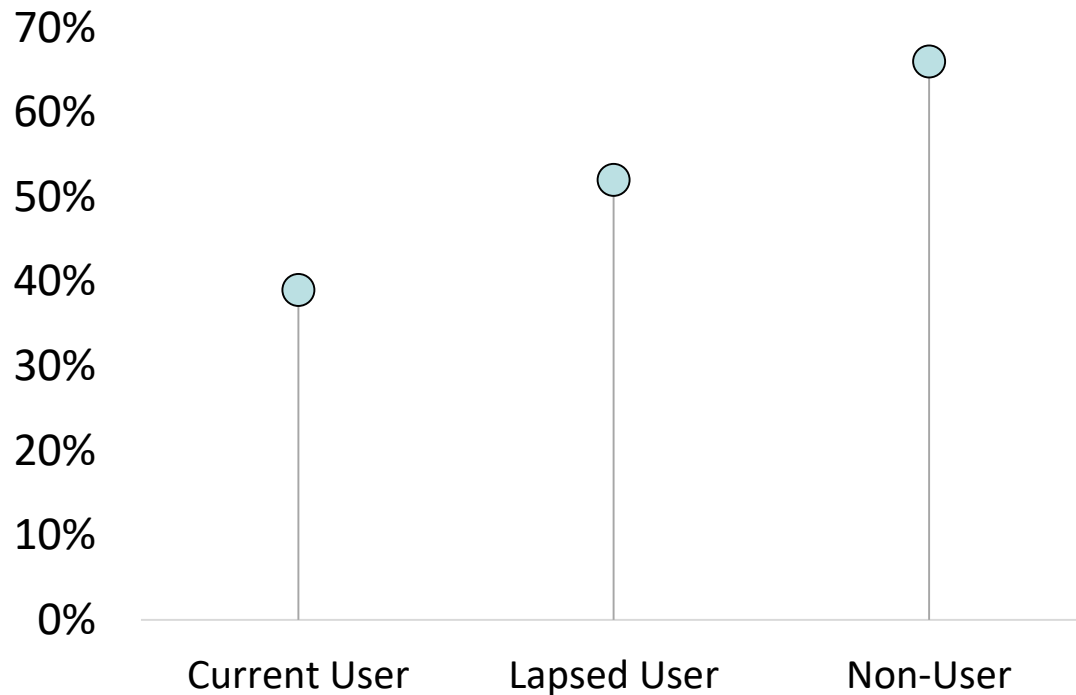


I believe I can manage many of my health issues by taking vitamins, minerals and other supplements



Non-Users are far more likely to feel they get enough nutrition in their diet which may be suppressing their usage

% consumers who feel they get enough nutrition and the necessary nutrients in their current diet through just the foods and beverages they consume

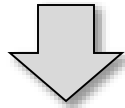


In fact, approximately 3 out of 5 Lapsed and Non-Users...
would prefer to get all their daily nutritional requirements in the foods they eat, rather than have to take additional supplements

Therefore, it is understandable that lack of need tops the list of barriers for why Non-Users do not use supplements

Non-Users indicating why they do not currently use supplements

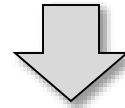
PRIMARY BARRIER



- ✓ I just don't need them



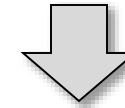
SECONDARY BARRIER



- ✓ They cost too much



TERTIARY BARRIERS



- ✓ I don't have any health issues
- ✓ I get all the nutrients I need in the foods I eat
- ✓ I don't like taking pills/tablets
- ✓ They have not proven to be effective
- ✓ Doctor has not recommended

Understanding the generational differences for non-use is also important in order to better target each age groups' barriers

Top 5 ranked reasons why Non-Users currently do not take any supplements

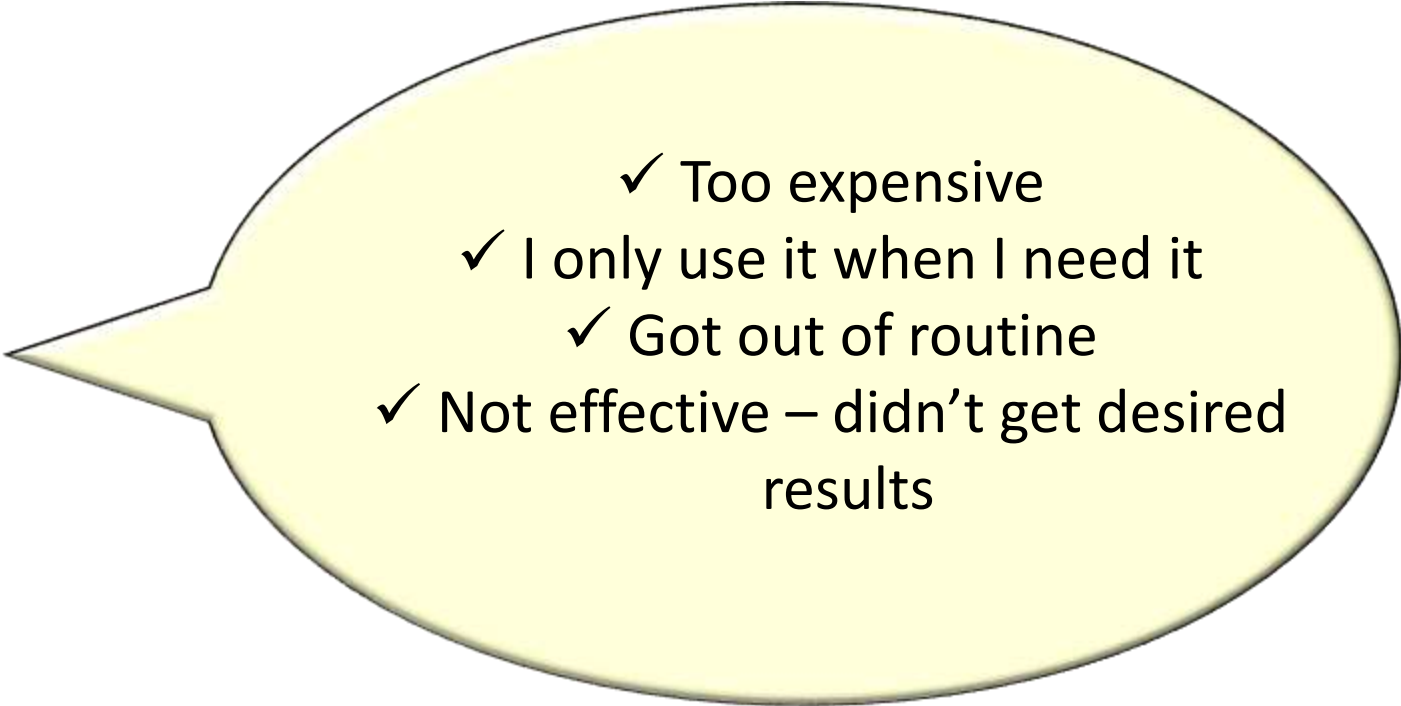
<u>iGen</u>	<u>Millennials</u>	<u>Gen X</u>	<u>Boomers</u>
I get all the nutrients I need in the foods I eat	They cost too much	They cost too much	Doctor has not recommended
They cost too much	I only use them when I need them	I am not sure what supplements I should be taking	I am not sure what supplements I should be taking
I don't have any health issues	I am not sure what supplements I should be taking	I am confused by all the conflicting information about supplements	I just don't need them
Doctor has not recommended	I don't like taking pills/tablets	My insurance does not pay for them	They cost too much
They are not proven to be effective	I am concerned about safety issues	I don't like taking pills/tablets	I am concerned about safety issues

Even the top reasons for lapsed usage are lack of perceived need and expense

Lapsed Users of supplements with the highest lapsed usage indicating why they no longer use
the specific supplements



- ❖ Multivitamin/Mineral Users
- ❖ Vitamin C Users
- ❖ Vitamin D Users

- 
- ✓ Too expensive
 - ✓ I only use it when I need it
 - ✓ Got out of routine
 - ✓ Not effective – didn't get desired results

What would be most influential in prompting Lapsed and Non-Users to initiate usage of supplements?

% Lapsed and Non-Supplement Users indicating what would influence them to START taking supplements

PROOF OF NEED

There was scientific proof that they would improve my health

EFFECTIVENESS

They were actually effective in addressing my health issues

SAFETY

It was clinically proven that they were safe

LOWER COST

My insurance plan helped pay for them



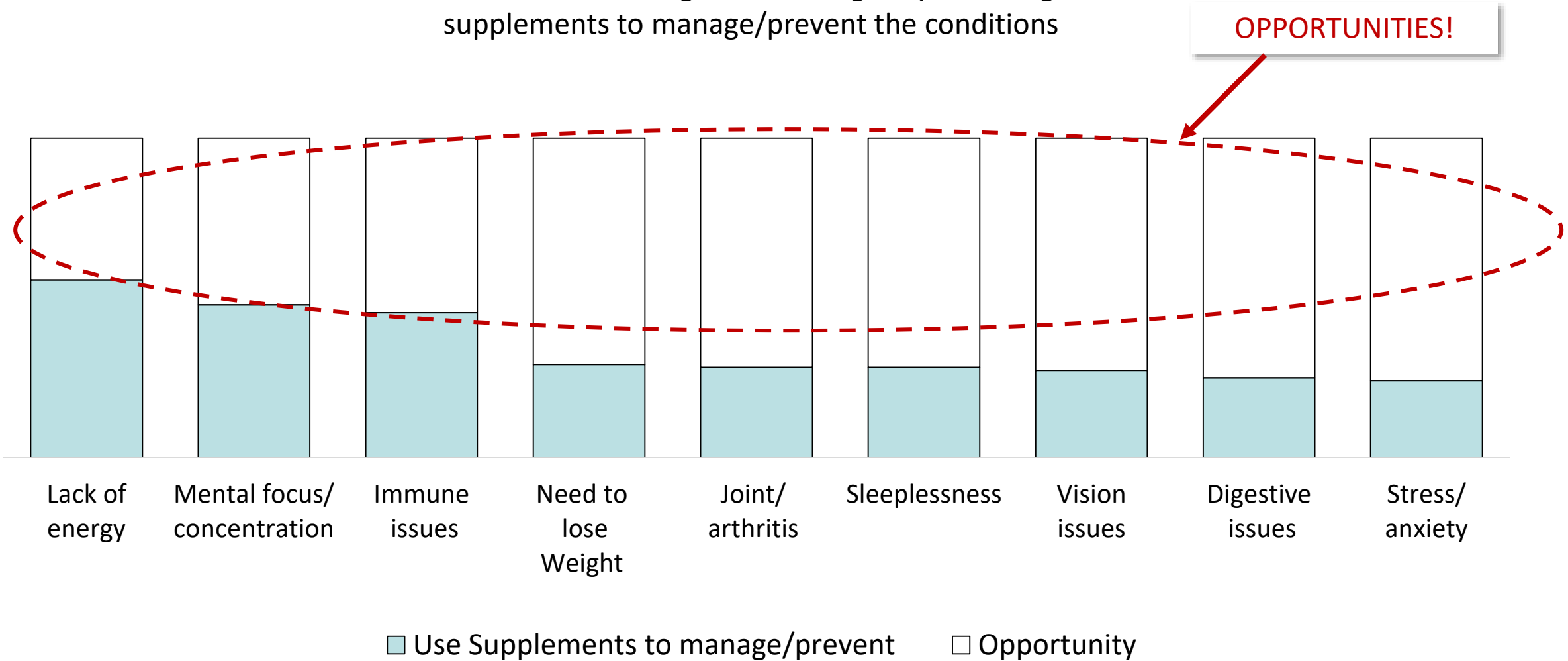
Some of the top issues Supplement Users report when taking supplements

- ✓ I can't determine if the supplements are doing what they are supposed to do
- ✓ I'm not sure what nutrients my body actually needs to function at its best
- ✓ I'm not sure I am taking the correct types of supplements for my needs



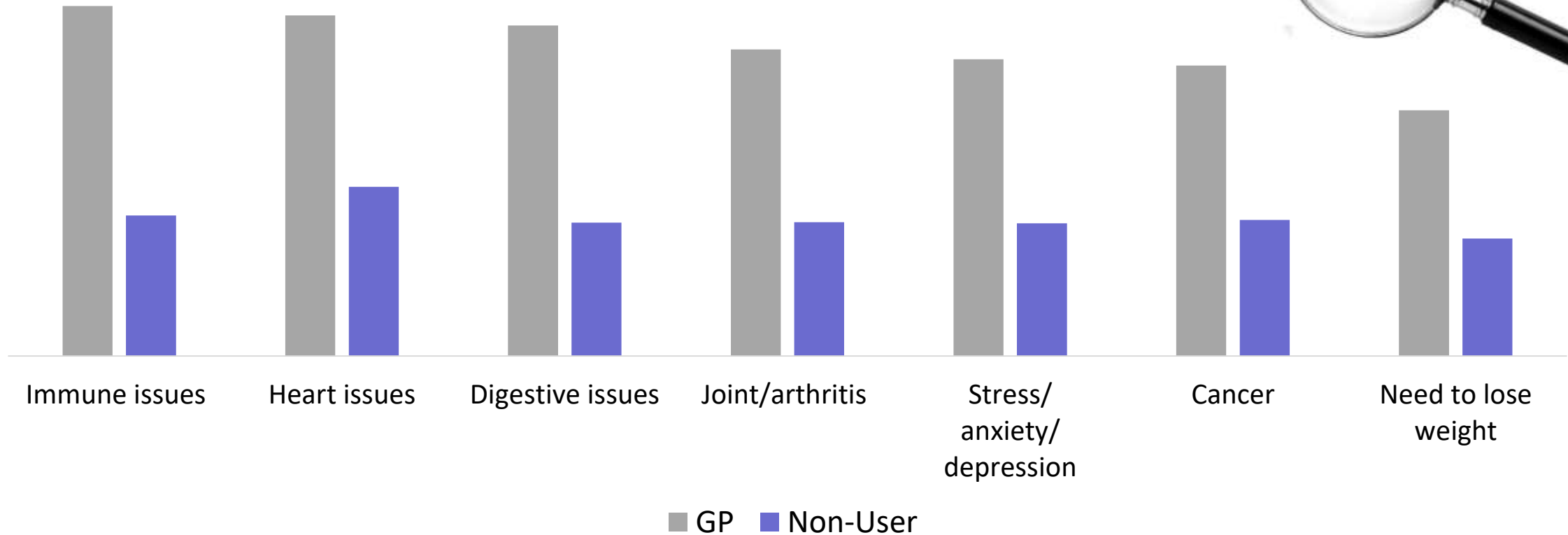
Even “Condition Managers” show low utilization of supplements for their condition highlighting strong opportunities

% condition managers indicating they are using supplements to manage/prevent the conditions

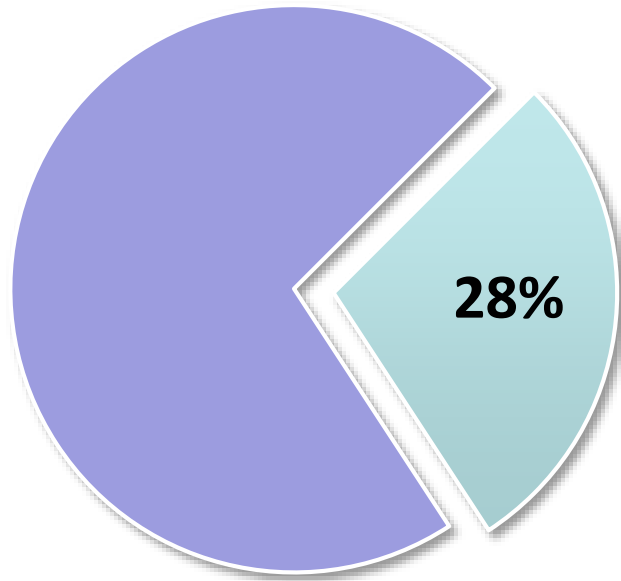


Conversely, likelihood to use supplements to help manage certain conditions is high, even among a portion of Non-Users

% consumers indicating they are VERY likely to use supplements if they were proven to help manage or aid in prevention of certain conditions



% Supplement Users indicating their usage of supplements has increased over the past few years



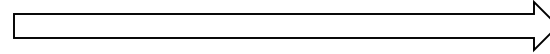
Why has it increased?

- ✓ *I have more concern for my health*
- ✓ *My needs are changing and I need more supplements to meet them*
 - ✓ *I'm taking a more active role in prevention*
 - ✓ *I have new health issues I want to manage*

Therefore, we need to educate consumers: Engage Lapsed and Non-Users in new opportunities such as blue light

% General Population

CONCERN

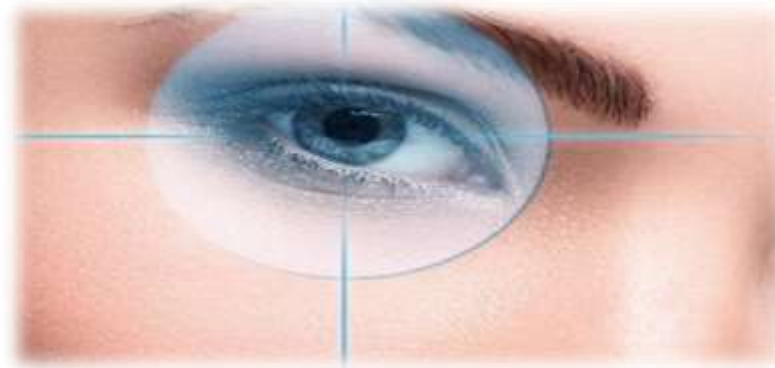


INTEREST

I am very/somewhat concerned about my eye health due to overuse of "screen time" from computers, smart phones, TV etc.

I am interested in a supplement product that improves visual performance, sleep quality, and eye fatigue due to exposure to "blue light" from digital screens of computers, tablets and smart phones

51%



48%

Ensure them that their money is not going down the drain by providing proof of bioavailability and absorption to remove concern and skepticism

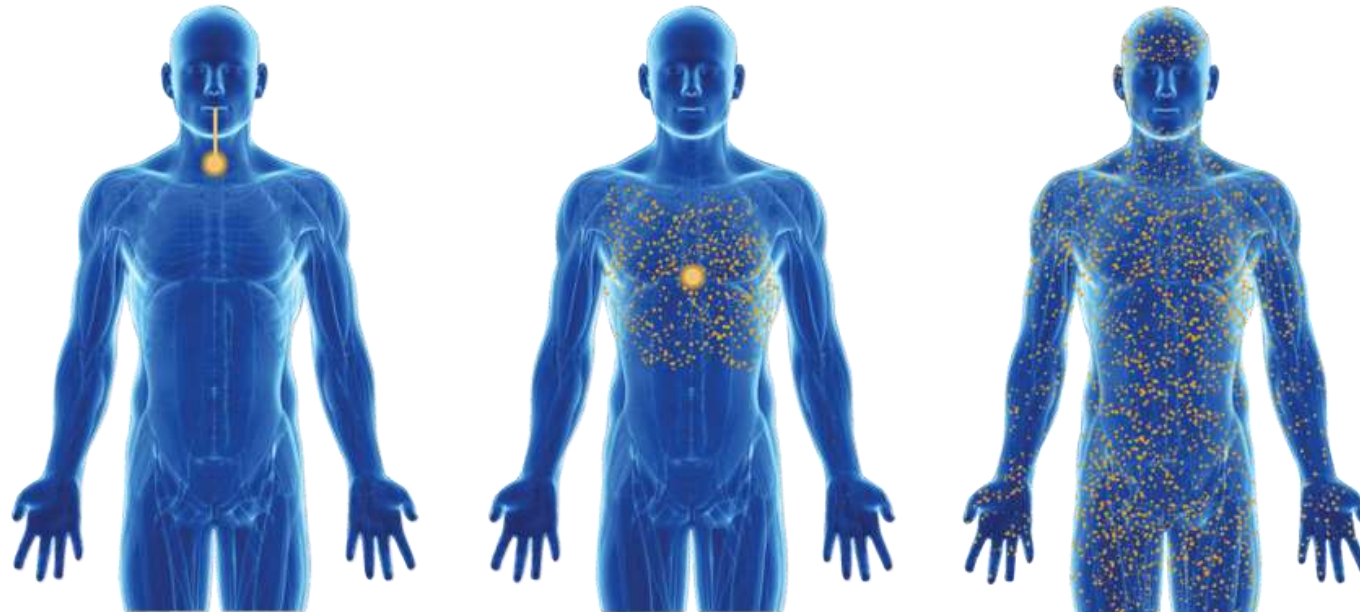
% Lapsed Users

I am concerned that when I take dietary/nutritional supplements my body does not absorb enough of the nutrients the supplements are supposed to provide

53%

I would like more clinical proof that the nutrients in the supplements are being fully absorbed by my body

67%



Alternative formats may also help maintain compliance, as well as increase bioavailability perceptions



% Lapsed Users indicating they prefer to get their supplements in other forms than pills and capsules

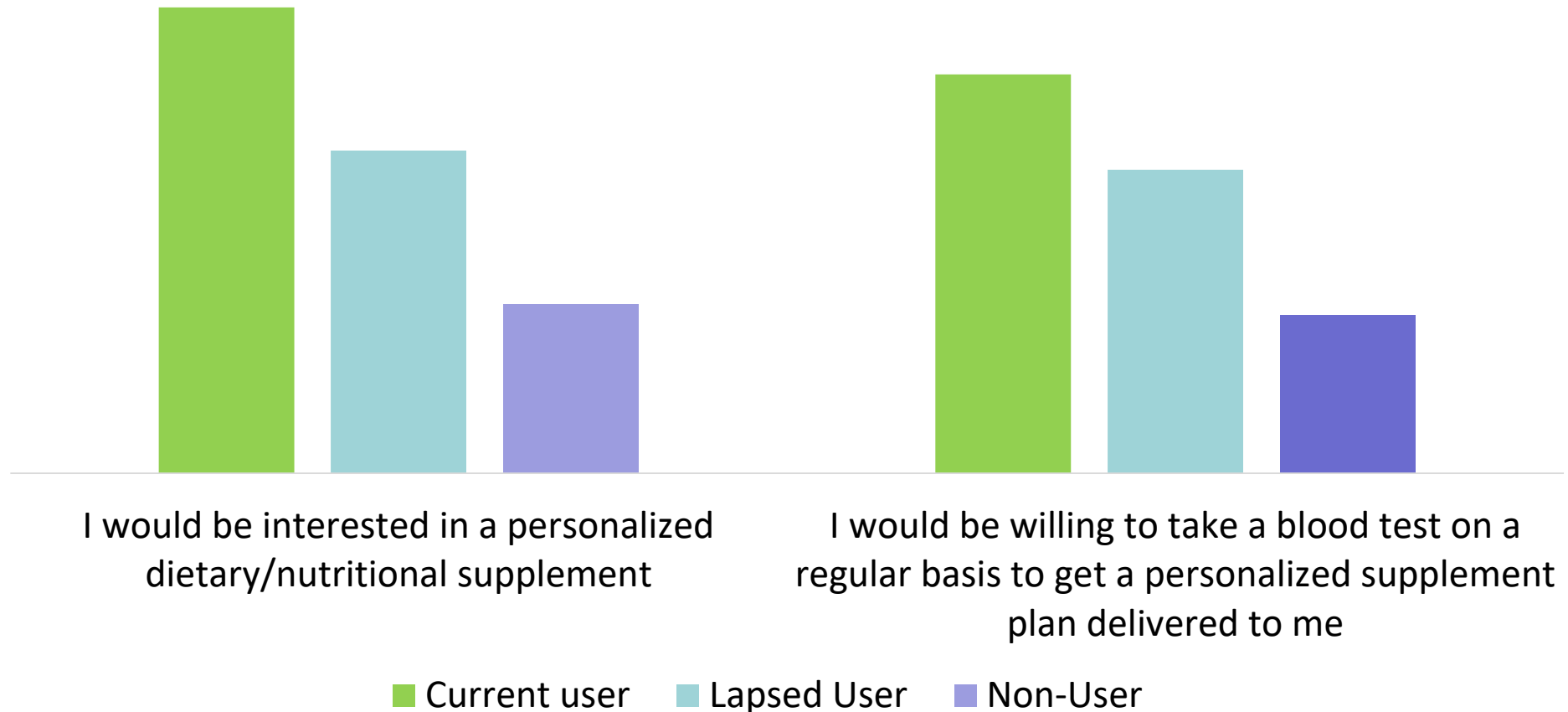
38%

Besides capsules and tablets,
Lapsed Users preferred supplement formats.....

- ✓ Gummy-type → 130% growth since 2011
- ✓ Chewable
- ✓ Soft chew
- ✓ Softgel
- ✓ Fast dissolve oral tablet
- ✓ Ready-to-drink beverages

Personalized nutrition may also help alleviate concern and uncertainty and engage a broader spectrum of consumers

% consumers who completely/somewhat agree with the statement



- Consumers are taking health into their own hands and are increasingly looking for ways to maintain their health and vitality
- Lapsed Users and Non-Users cite lack of need and expense as the main reasons they do not use supplements and feel their diet supplies enough nutrition
- Opportunities to increase compliance and usage...
 - Identify a “problem worth solving” (e.g. blue light effects)
 - Stress prevention and proactive health maintenance
 - Promote bioavailability and absorption to boost value
 - Target tangible, proven benefits to build consumer buy-in
 - Create product formats relevant to the nutrient and consumer target
 - Personalize and customize to drive effectiveness and compliance



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