



NUTRITION BUSINESS JOURNAL

Supplement Business Report 2016



New Hope
NETWORK

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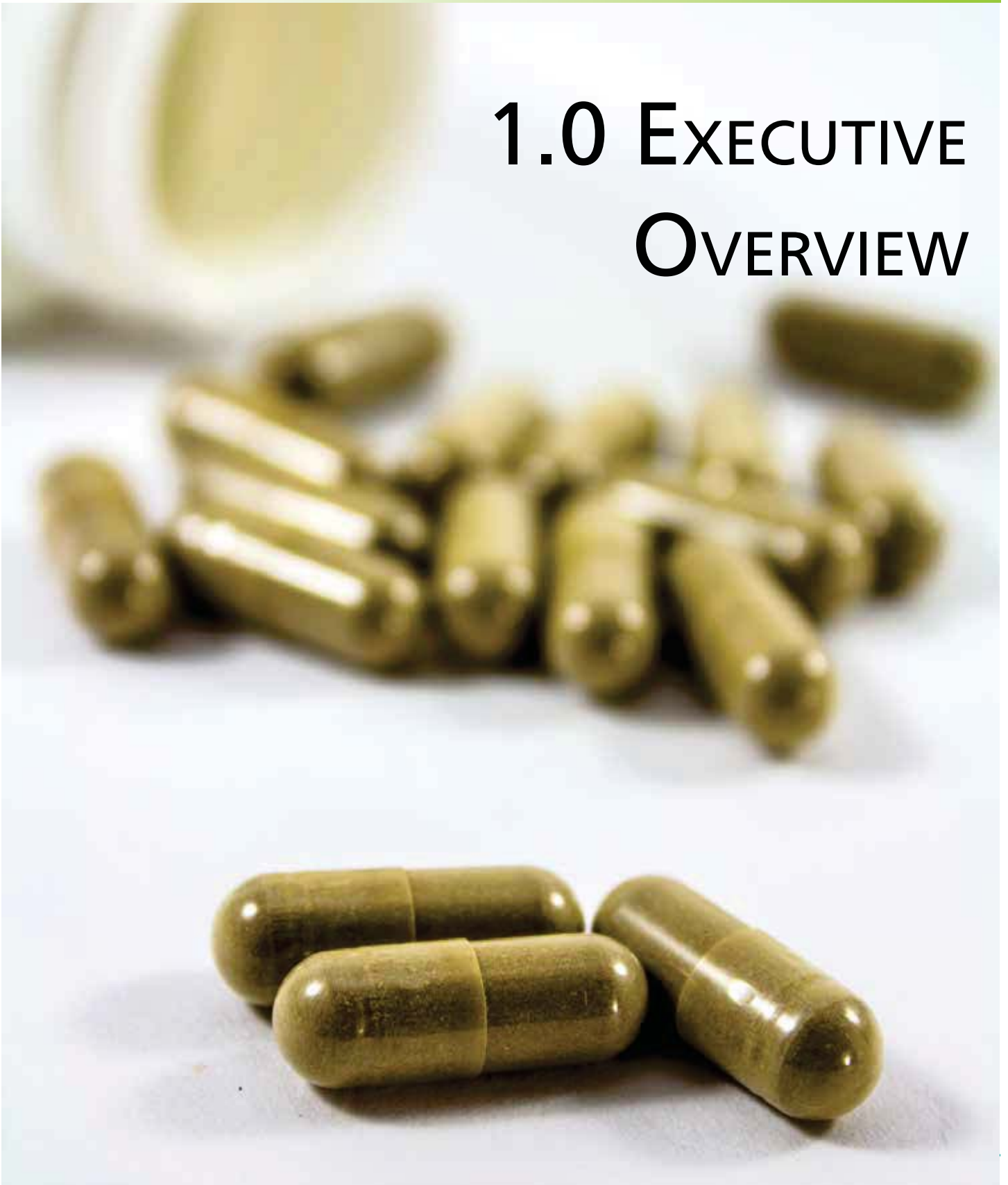
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1.0 EXECUTIVE OVERVIEW



1.1 Executive Summary: Finding stability between complacency and fretting

There is no fine line between hand wringing and complacency. It's a pretty broad line. You just don't always know when you've crossed it, or tripped over it.

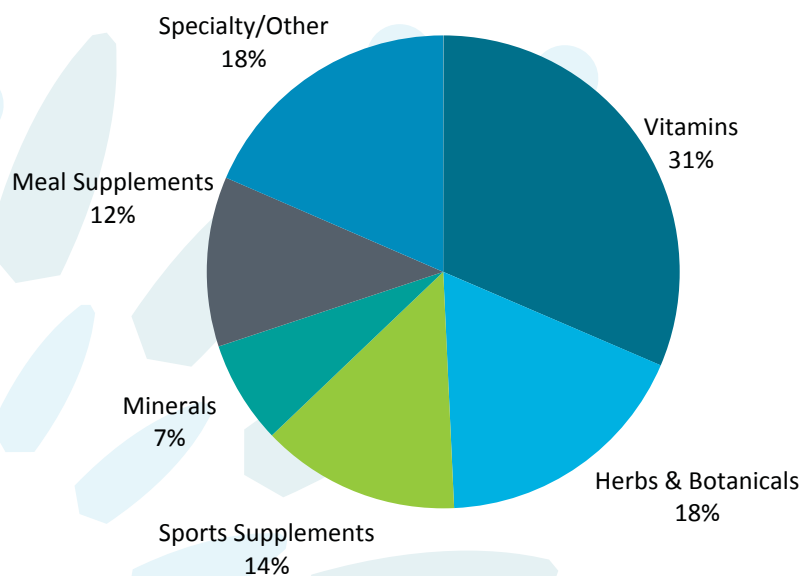
That may be the line the supplement industry is straddling at the moment. On one side of that line, sales are up, not way up, but up at 5.9 percent, a significant improvement over the 5.1 percent seen in 2014, and this despite a year of historically negative news coverage. On the other side of that line is the next adulteration scandal or botched study or any of the 50 attorneys general that saw what happened in New York last year and want their own headlines to scare up campaign contributions. Nobody can know where the line is, or where it's going, without the numbers. Numbers, and studied analysis is what makes the NBJ Supplement Business Report an essential tool for every company in the space.

The problem with hand wringing is it gets to be a habit, and not a productive one. The problem with complacency is not being prepared for that next salvo from that other side of the line. The problem with both is: nothing changes.

The industry, now estimated at \$38.8 billion, might finally be finding a balance.

Projects like the CRN product registry and an ingredient summit that brought together four of the most important trade

\$38.8 Billion US Supplement Industry by Product Category in 2015



Source: Nutrition Business Journal (consumer sales)


The US Supplements Industry Product Category mix is balanced and diversified.

groups reveal momentum and strategies to stop the next negative headlines before they get to press and pixels. That could build a stronger industry, and a more profitable one.

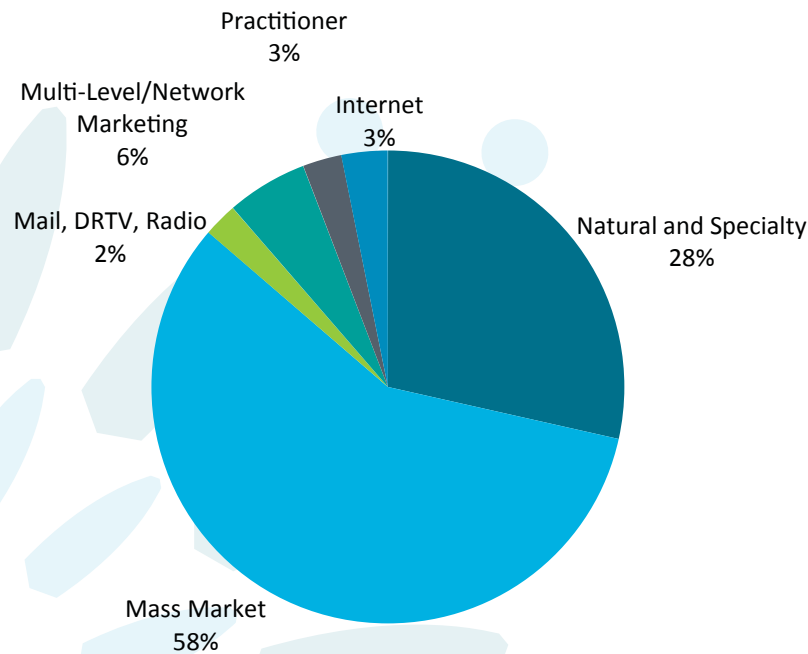
It is deep in the data of this report where we might see where such measures would best pay off. In Chapter 2: Vitamins, we note that multivitamins have recovered from negative growth in 2014 to hit 2.1 percent in 2015. Nobody's throwing a party, but the echo of the Annals of Internal Medicine editorial calling vitamins and minerals a waste of money may finally be fading. And while multivitamins and much of the vitamin category lags the broader market, Vitamin D is still the star of the show, remaining strong at 8.3 percent growth.

But not all stars are equal, as we see in the Chapter 7: Specialty Supplements. The falloff in melatonin has not been entirely explained, with growth dropping from 16.7 percent in 2014 to 6.8 percent, but it offers caution to any company banking on a star ingredient. It's the sort of thing that could happen across the specialty supplement category, where we see Omega 3s still trapped in negative growth territory, but bee pollen is roaring ahead in the double digits.

At the same time, intuition would suggest that the New York attorney general's actions in early 2015, would have hurt sales, but the herbs and botanicals category is one of the strongest categories NBJ tracks, as our data shows in Chapter 3: Herbs and Botanicals. That trend gets more intriguing when we look into the channel sales details, where internet sales in the category grew at an astonishing 19.4 percent.

In chapter after chapter, the numbers and analysis in the NBJ Supplement Business Report tell stories that everybody in the industry needs to know. Complacency is never the smart option, and if you're going to wring your hands, only the numbers will tell you what to worry about and what to do about those worries. 

\$181 Billion US Nutrition Industry by Channel in 2015



Source: Nutrition Business Journal (consumer sales)

Mass Market Retail and Natural & Specialty Retail are the US Nutrition Industry's lead channels at 58% and 28% of sales, respectively. MLM/Network Marketing, Practitioner, Internet, and Mail Order, DRTV, and Radio channels collectively represent 14% of sales.