POINT OF VIEW

The Evolution of Self-Care

June 2021

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CONSUMER HEALTHCARE PRODUCTS ASSOCIATION

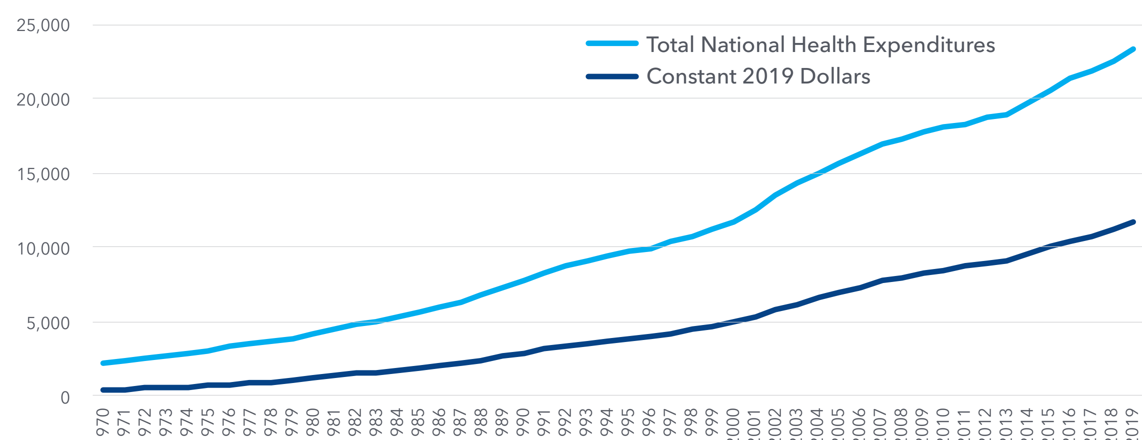
Executive Summary: Consumers Increased the Pace of Their Self-Care Wellness Journeys Over the Past Year+

Hippocrates was a man before his time. More than 2,500 years ago, he was one of the first physicians to focus on prevention versus the treatment of illness, arguing that much of the disease that humans suffer from is the direct result of diet, lifestyle and environmental factors.

Fast-forward 25 centuries and Hippocrates would likely feel a deep sense of satisfaction, knowing that self-care is so widely embraced. Today, nearly 70% of Americans make doing something to support their health and wellness several days a week or more a priority.[1] And that commitment to wellness is increasing. According to a recent survey of Americans aged 17+ by IRI, 1 in 3 is doing more now versus last year to support their overall health and wellness.

While the seeds of self-care may have been sown 2,500 years ago, the past decade was already seeing explosive growth, which the self-reliance demands of the COVID-19 pandemic served to further accelerate. One of the biggest historic drivers of this shift has been the increase of health care costs in the U.S. On a per capita basis, health spending has increased over 31-fold in the past four decades, from $353 per person in 1970 to $11,582 in 2019. In constant 2019 dollars, the increase was about six-fold, from $1,848 in 1970 to $11,582 in 2019.[2] According to the U.S. Bureau of Labor Statistics, Americans spend close to 18% of their income on health care.

Total National Health Expenditures
U.S. $ per capita, 1970-2019



Source: KFF analysis of National Health Expenditure data

Across CPG retail in 2020, health care's sales growth of 16% outpaced that for total store.

The increased consumer focus on health and wellness throughout the pandemic is having a profound impact on consumer health care spend, where omnichannel sales reached $93 billion in 2020. In a year of unprecedented growth across CPG retail, health care's 16% growth outpaced that for total store (12.2%), edible (14.8%) and nonedible (7.1%) products.[3] Further, e-commerce grew to command about a 22% share of total omnichannel sales, according to IRI.

The evolution of self-care has been fueled by a wide variety of factors, many of which had their start prior to the pandemic but have been wildly accelerated because of it:

- Technology is enabling the democratization of health care, as we see in the growth of telehealth, use of devices, and fitness apps.
- Work-from-home mandates shifted consumers' focus to better ways of managing food (i.e., more plant-based choices) and cleaning to support wellness.
- Consumer agency and preventive action have continued to rise, as Americans shift from a focus on "sick care" to a focus on "well care." The higher than average growth in immunity support, sleep-related products, and interest in addressing anxiety are all examples of this.
- "Snackable" self-care has provided consumers with attainable approaches to wellness that eliminate the all-or-nothing focus and allow them to embrace achievable wellness "moments."

Health and Wellness Needs Are Multidimensional

Consumers' self-care needs are diverse and complex and directly impact the products and services they choose to buy and use to address those needs. One in 3 Americans state they are doing more to support their health and wellness – some fueled by commitment, some by specific goals, and some by stress, worry, and anxiety. Overall, while 3 out of 4 Americans say they're confident in their ability to protect/improve their health and wellness, they're faced with a multiplicity of needs and circumstances that ultimately impact how they choose to do so. On average, consumers are trying to address 6.6 health and wellness goals,[1] but the goals themselves, as well as the ways in which they work to achieve them, vary widely.

The most widespread health and wellness goals are:

1. Improving/maintaining physical fitness/strength
2. Weight management
3. Improving/maintaining physical appearance
4. Strengthening/maintaining the immune system
5. Increasing/maintaining energy/stamina
6. Improving sleep
7. Improving/maintaining mental clarity/focus
8. Disease prevention
9. Reducing anxiety/stress
10. Reducing potential exposure to germs/viruses

There is widespread agreement (78%) that it's worth the extra effort and expense required for good health.[1] But, as consumers work to balance their physical, mental and emotional well-being, this commitment doesn't come without a desire for benefit-driven approaches. There is a growing openness to trying new or different ways of supporting wellness that will ultimately impact many conventional health care categories.[1]

On average, consumers are trying to address 6.6 health and wellness goals.

Seven New Self-Care Segments: How Consumers Solve for Their Health Care Needs Is Highly Individualized

Increasingly, consumers' desire for highly individualized solutions to their health and wellness needs are driving their decision-making. To meet the need for a more robust understanding of consumer attitudes, needs and behaviors within the overall context of health and wellness that can lead to the successful creation and targeting of these individualized solutions, IRI embarked on a consumer segmentation initiative that revealed seven distinct consumer self-care segments.

How consumers solve for their health and wellness needs is highly individualized, with varying levels of emphasis on actions taken and products used.

BASE: Total U.S. Population Aged 17+
Source: IRI Self-Care Syndicated Segmentation, November 2020

PROACTIVE PRIORITIZERS: Highly self-sufficient, they approach wellness with deep commitment and a willingness to do what it takes to stay healthy.

STRIVING SEEKERS: Driven by a desire to be better and often to manage a disease/condition, they've got a broad set of wellness priorities and are looking for tools to achieve them – but they struggle with the trade-offs that are sometimes necessary to meet their goals.

MEDICAL MANAGERS: Largely focused on weight loss and disease management, they struggle with motivation and get overwhelmed when it comes to taking care of their own health and wellness, often turning to medical professionals for guidance and support.

JUST THE BASICS: Satisfied with the status quo, they're largely satisfied with their health and aren't overly focused on managing it, preferring instead to sticking to the tried-and-true products and activities that they know work for them.

CONCERNED & CONFLICTED: Caught between a notable dissatisfaction with their health, and a lack of knowledge, resources, time and motivation to change, inertia is often the result.

DETACHED & DISCONTENT: Despite dealing with the stress, anxiety and discontentment that are a part of their lives, they aren't highly motivated or attached to creating change.

HEALTHY NON-PRIORITIZERS: Notably more likely to be young and healthy, they have little interest or engagement in setting or pursuing health and wellness goals.

These seven segments were statistically derived and are based on a comprehensive set of attitudes, motivations and behaviors toward health and wellness and the roles that food and beverages, personal care and beauty, vitamins/minerals/supplements, OTC and pharmaceuticals, and home care play within it. This broad base of topics and categories was intentionally selected to reflect the myriad ways that consumer commitment to wellness plays out in Americans' lives today.

The New Self-Care segments were created using a nationally representative sample of 6,800 Americans aged 17+. The segmentation was informed by actual household purchase behavior data, enabling a deep understanding not only of the differences in needs and attitudes that drive the segments but also the impact on the products they choose.

Using vitamins, minerals and supplements as an example of the behavioral differences that accompany each segment's mindset, we see that different segments approach the category with varying levels of use and purchase.

Proactive Prioritizers, Medical Managers and Striving Seekers each over-index in their use of VMS, but only Proactive Prioritizers and Medical Managers reflect dollar sales of these products that exceed their fair share. While everyday use of vitamins/supplements is notably strong for Striving Seekers (who are notable for the disconnect between their aspirations and their execution against those goals), their overall dollar contribution is on par with expectations – highlighting an opportunity to learn more about their needs, how they're fulfilling them and the barriers that are holding them back from fully committing.

Despite the fact that Striving Seekers stand out for using vitamins/supplements every day, they don't produce more than their fair share of sales.

USE EVERY DAY	Proactive Prioritizers	Medical Managers	Striving Seekers	Concerned & Conflicted	Just the Basics	Detached & Discontent	Healthy Non-Prioritizers
Vitamins/supplements	●	●	●	●		●	●
Over-the-counter medications/treatments		●	●			●	●
Prescription medications		●		●	●	●	●
TOTAL DOLLARS							
Vitamins	●	●	Opportunity	●		●	●
Minerals/supplements		●		●		●	●

Consumers Are Looking for Solutions That Extend Beyond OTC

Across the store, consumers are looking for self-care solutions that extend beyond traditional OTC products and provide an all-encompassing, holistic foundation for wellness. There's little doubt that post-pandemic consumers will pay more attention to preventive health care, and several trends that were gaining traction prior to the pandemic are likely to see notable growth once we come out of it.

Consumers are looking for all-encompassing self-care solutions.

The mind-body connection is especially relevant, with nearly unanimous agreement among consumers that mental health is as important as physical health,[1] suggesting that there is an enormous appetite for information and solutions about ways in which mental and emotional health can be supported through nutrition, environmental factors, VMS and other methods.

Digestive/gut health is one of the hottest wellness focuses, as consumers learn more about the connection between good digestive/gut health and benefits such as immunity, increased metabolism and reduced stress/anxiety. Plant-based diets, the inclusion of fermented foods and beverages, as well as spices such as ginger and curcumin have all been proven to improve gut health – and are being increasingly included in some consumers' diets.

Consumer demand for plant-based products is soaring across a wide variety of edible and nonedible categories. Not only are year-over-year dollar sales for plant-based foods and beverages growing (up 34% in 2020 vs. 2019), but the number of people buying is increasing dramatically as well, up from 49% in 2019 to 54% in 2020.

Much of the growth of plant-based products has been driven by meat substitutes and nut-based milks.

Dollar Sales % Change vs. YAG	2018	2020
Frozen/Refrigerated Meat Substitutes	+15%	+62%
Refrigerated Almond Milk	+13%	+14%
Ready-to-drink Coconut Milk	+6%	+51%
Ready-to-drink Almond Milk	+8%	+32%

Source: Total U.S. (4-Region Total) – All Outlets 52 weeks ending Dec. 30, 2018, and 52 weeks ending Dec. 27, 2020.

Consumers who consume plant-based alternatives do so largely for health and/or environmental reasons,[1] which supports consumers' growing desire to be good to themselves and good to the environment.

Why Consumers Choose Plant-Based Products

Consumers are looking across the store for solutions that help them get a little shut-eye.

While diet and exercise are often the dynamic duo when it comes to overall health and wellness, in a recent report from U.S. News & World Report/Health,[4] disordered sleep may be more responsible for morbidity and mortality in American men and women than cardiovascular disease and pulmonary conditions combined. With an estimated 50 million Americans affected by sleep-related issues, consumers are looking across the store for solutions that help them get a little shut-eye.

Health and Wellness Is Multidimensional

We are at a crossroads of opportunity: On average, households spent an additional $55 on health care products in 2020. Maintaining this spend represents as much as a $325 million opportunity in 2021. While the pandemic has fueled the prominence of health and wellness, it has only amplified a growing commitment observed over the past several years. Yet this increased prominence has created a window of opportunity to connect with consumers and address their needs in a way that elevates self-care to an essential part of all consumers' lives. Harnessing that opportunity will require three things:

1. Thinking more broadly about what self-care comprises, including all of the different types of products and processes consumers use to support it – from improved sleep to a cleaner home – and how categories across CPG retail contribute to a household's self-care journey.
2. Committing to a benefits-driven approach that addresses the multidimensional needs that drive consumers' self-care behaviors.
3. Understanding consumer decisions and actions through the lens(es) of each of the seven unique self-care segments so that the best opportunities for growth can be illuminated, and innovation and media/marketing initiatives can be individualized and precisely targeted.

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Holistic Health

Overall, we see Americans approaching their health and wellness in a much more holistic way. Six key themes emerged and/or were strengthened in 2020:

- **Back to Basics |** 2020 exemplified the connection between hygiene and health, with the tried-and-true basics often winning. Personal cleansing/hand sanitizer dollar sales rose 13% in 2020 vs. 2019. Vitamins also took on a more amplified role for many consumers in 2020, as dollar sales for the category rose 25% vs. 2019.
- **A Clean Home Is a Healthy Home |** Quarantining and work-from-home situations spiked demand for household cleaning (up 30%) and laundry products (up 12%) in 2020 vs. 2019. One in three Americans directly connected keeping their homes clean with keeping their families healthy and a similar proportion said that cleaning reduced their stress and anxiety levels.[1]
- **Sleep Supports Wellness |** One out of two Americans is looking for better sleep,[1] and they're increasingly turning to sleep aids to get it. IRI Total U.S. All Outlet purchase data for the year ending Dec. 27, 2020, showed sleep remedy dollar sales up 25% vs. year ago.
- **Physical and Mental Health Are Intimately Connected |** Nearly all Americans agree that mental health is as important as physical health. In 2020, IRI Total U.S. All Outlet purchase data showed that supplements designed to reduce stress outpaced already-strong growth by herbal supplements by a factor of 3:1 in 2020 vs. the prior year.
- **Prevention Is the Best Medicine |** Consumers doubled down on their efforts to actively support their immunity in 2020 and use a wide variety of ways to achieve this. Overall, strengthening immunity was the goal of 52% of Americans, according to IRI's recent self-care survey.
- **Diet and Exercise Are Winning Strategies |** There is no doubt that consumers largely understand the power of food in supporting their wellness goals – from immunity to weight loss to heart health. It is in this space that we see some of the most exciting opportunities for innovation, particularly as it relates to supporting consumers' immunity goals.

Sources:

1. IRI Proprietary Survey, November 2020
2. KFF analysis of National Health Expenditure (NHE) data
3. IRI Market Advantage, MULO (Brick & Mortar); IRI eMarket Insights (E-commerce and Omnichannel); 52 weeks ending Dec. 27, 2020. E-commerce excludes Sexual Health, Family Planning, First Aid Treatments, Personal Thermometers, Vaporizers/Humidifiers, Other Health Remedies and Other Health Remedy Tablets)
4. https://health.usnews.com/health-care/for-better/articles/2019-01-14/sleep-health-the-key-to-total-body-wellness-and-peak-performance

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ABOUT IRI

IRI is a fast-growing, leading provider of big data, predictive analytics and forward-looking insights that help CPG, OTC health care organizations, retailers, and financial services and media companies grow their businesses. With the largest repository of purchase, media, social, causal and loyalty data, all integrated into an on-demand, cloud-based technology platform, IRI is empowering the personalization revolution, helping to guide its more than 5,000 clients around the world in their quests to remain relentlessly relevant, capture market share, connect with consumers, collaborate with key constituents and deliver market-leading growth. For more information, visit www.iriworldwide.com.

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About CHPA

The Consumer Healthcare Products Association (CHPA) is the leading voice fighting to ensure that Americans have access to over-the-counter (OTC) medications, dietary supplements and consumer medical devices they can count on to be reliable, save money and time, and deliver new and better ways to get and stay healthy. Whether we are helping regulators interpret cutting-edge science, partnering with lawmakers to craft sensible policy, or educating consumers to safely choose and use personal health care products, we are driven by a single goal: helping people pursue happier, healthier lives through responsible self-care. Visit https://www.chpa.org to learn more.

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