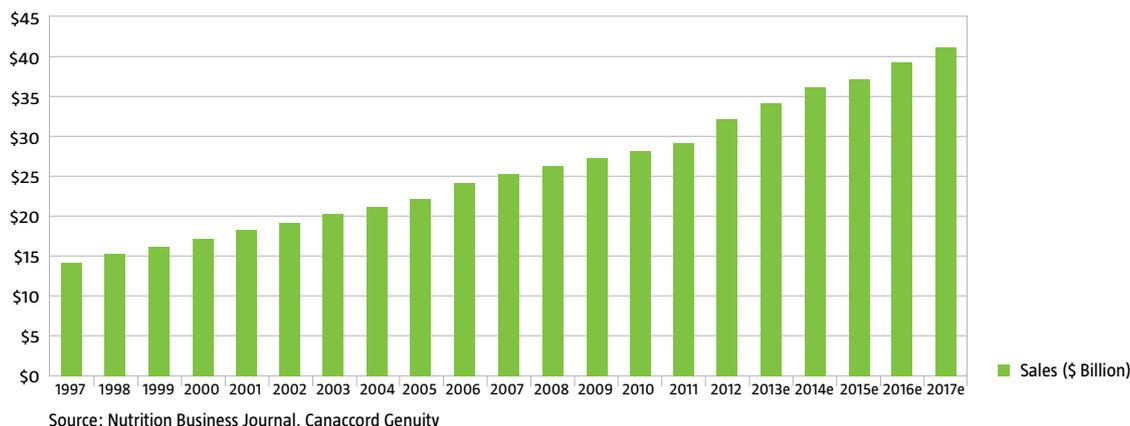


## Vitamins for your portfolio

### Healthy Trends: US Nutritional Supplement Sales



### Specialty retailers benefit from growing focus on vitality

Nutritional supplements can be a healthy source of growth. Despite periods of volatility that can be driven by negative media attention, the nutrition sector has been relatively stable and grew through the financial recession as more consumers faced with no health insurance turned to vitamins and nutritional supplements instead of doctor visits. Consequently, nutritional supplements are seen as a low cost way to help improve overall health and wellness, and sales have increased strongly.

The US nutritional supplement category reached USD 32 billion in 2012, led by sports nutrition, omega-3s (or fish oil), probiotics, vitamin D and 'whole foods' supplements. The category is expected to increase by an estimated 5–7% annually driven by an aging population that is seeking higher quality of life, a heightened awareness of nutrition and health and a desire to lower medical expenses through prevention. In addition, more consumers are becoming interested in fitness with younger consumers entering the sports nutrition and energy segments.

Sales of nutritional supplements are increasing in all distribution channels with the leading companies reporting double digit growth. The specialty store channel, which includes GNC and Vitamin Shoppe, is expanding and has benefited from containing a large selection of in-store products and a more knowledgeable sales force that appeals to consumers. With high exposure to the fast growing sports nutrition category, GNC saw its sales growth accelerate to 17%

during 2012. Both retailers are opening new stores and have the opportunity to increase market share.

The strong category has also recently attracted the interest of several global consumer and healthcare companies. Last year was highlighted by the USD 1.4 billion takeover of Schiff Nutrition by Reckitt Benckiser, which engaged in a bidding war with Bayer. Procter & Gamble, DSM and Pfizer also made smaller acquisitions. However, the industry still remains fragmented leaving room for further consolidation.

"Health and wellness products are benefitting from powerful, long-term growth drivers. An aging population and increased focus on nutrition and prevention will allow the nutritional supplement sector to grow in the mid to high single digits."



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