NielsenIQ

Impact of Wellness on Impulse Product Sales

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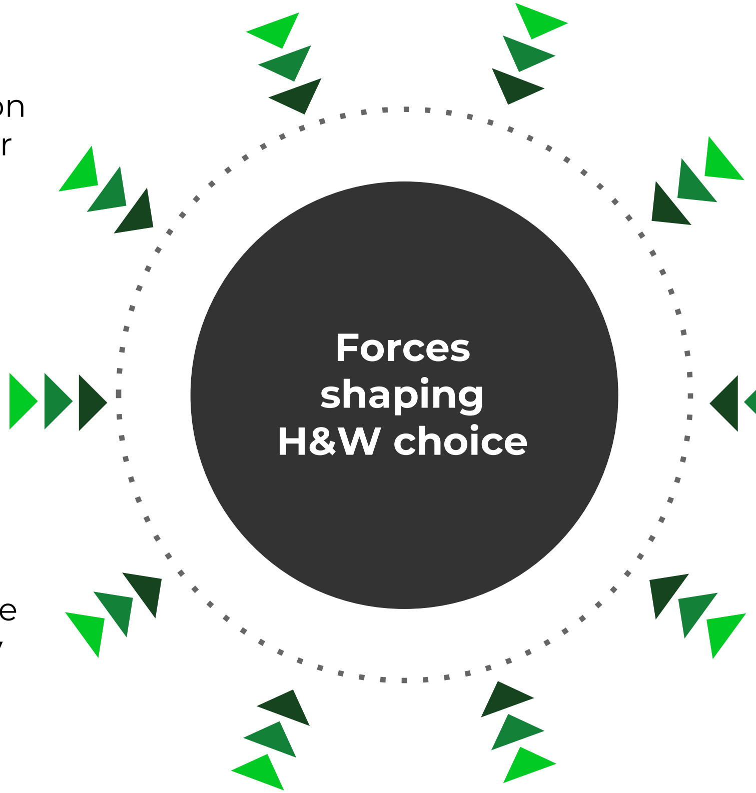
Forces disrupting the global health & wellness landscape

Health care costs: spending on health (as % of GDP) has hovered around **8.8%** for last 10 years but jumped up to **9.9% in 2020**

COVID-19 Deaths: **~790K** COVID-19 deaths in the US (as of Dec 2021)

Obesity: **39%** of global population is overweight. **2.8m** die each year as a result of being overweight

Sugar regulations: **50** countries and jurisdictions have implemented sugar taxes



Mental health: **1 in 10** of world population live with **a mental health** disorder

Label legislation: Only **4** OECD countries **mandate front of pack** nutritional labelling

Aging population: By 2050, the number of **adults 65+ globally will double**

Health technology: Global Spending on **Wearable Devices** to **Total $81.5B** in 2021

Pollution: **24%** of all estimated global **deaths** are **linked to the environment**. Air pollution kills 4.2m people every year

Cannabis: Estimated size of **global cannabis market is $31b in 2021** (+41% over 2020 sales), and forecasted to grow to $62.1b (+15% CAGR to 2026)

Sources: OECD| Obesity Evidence Hub | OECD | Gartner |BDSA | World Health Organization | United Nations | Our world in data | World Health Organization

Changes will shape and guide consumer choice

51%

say that access to public or **universal healthcare** has become more important to them in the past 2 years

61%

agree **environmental issues** are having an adverse impact on their current and future health.

66%

find it easier to be healthy when they and their family are spending **more time at home**

Source: NielsenIQ Global Health & Wellness Study of 17 markets, September 2021, US results

Consumers expect businesses to play wellness role

US consumers agree on the following:

69%

retail **regulation** for fresh, healthy food availability & affordability for all citizens in all location

67%

companies have an **obligation** to ensure health products are less expensive than processed/unhealthy ones

59%

companies should be **taxed heavily** if they continue to produce or promote unhealthy choices.

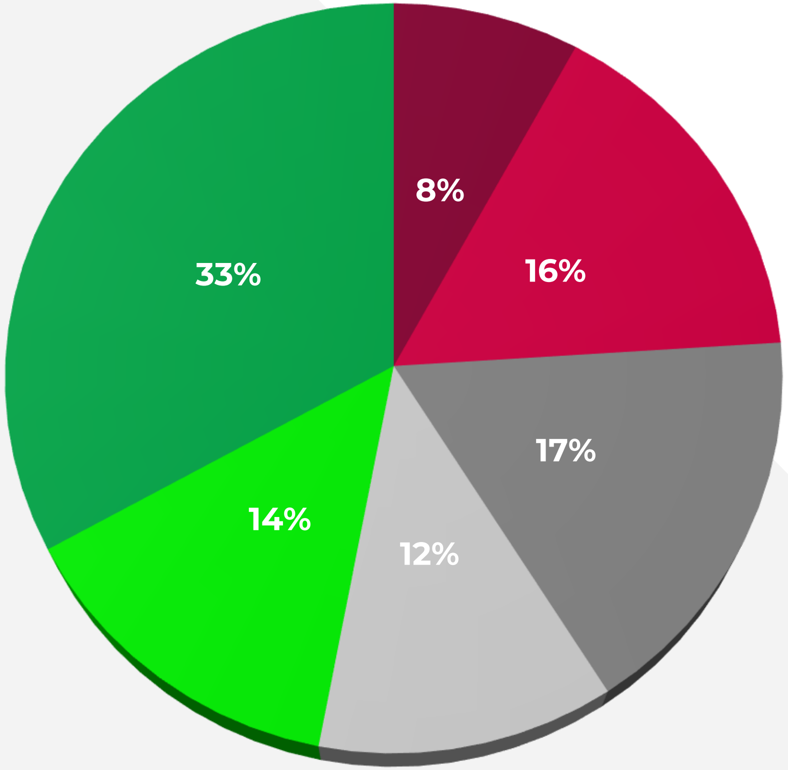
59%

governments should more closely **regulate businesses** to help consumers make better health choices.

Source: NielsenIQ Global Health & Wellness Study of 17 markets, September 2021, US Results

Not a “one size fits all” approach to wellness

US lifestyle choices



Passive consumers

- Generally don’t think about health
- I’d like to be healthier but difficult to prioritize in my life

Reactive consumers

- Focus on health only when required
- Sometimes triggered to look after health

Proactive consumers

- If a healthier option is offered will generally take it
- Actively make decisions on a regular basis to look after health

Source: NielsenIQ Global Health & Wellness Study of 17 markets, September 2021, US Results

Proactive consumers have a more futuristic and holistic view to wellness

Top 10 reasons why health has become more important
% agreement among the 'proactive health' consumer segment

1	Live a longer, healthier life	50%
2	Avoid preventable diseases	43%
3	Protection/exposure to ailments/diseases	39%
4	Want to look/feel healthier	42%
5	Re-evaluating lifestyle	26%
6	Influence from family, friends	26%
7	Influence from the news	23%
8	Worried about COVID-19 unvaccinated	29%
9	Influence from social media	14%
10	Influence from advertising/rising costs of healthcare*	18%

Passive Consumers Top 10 reasons included:

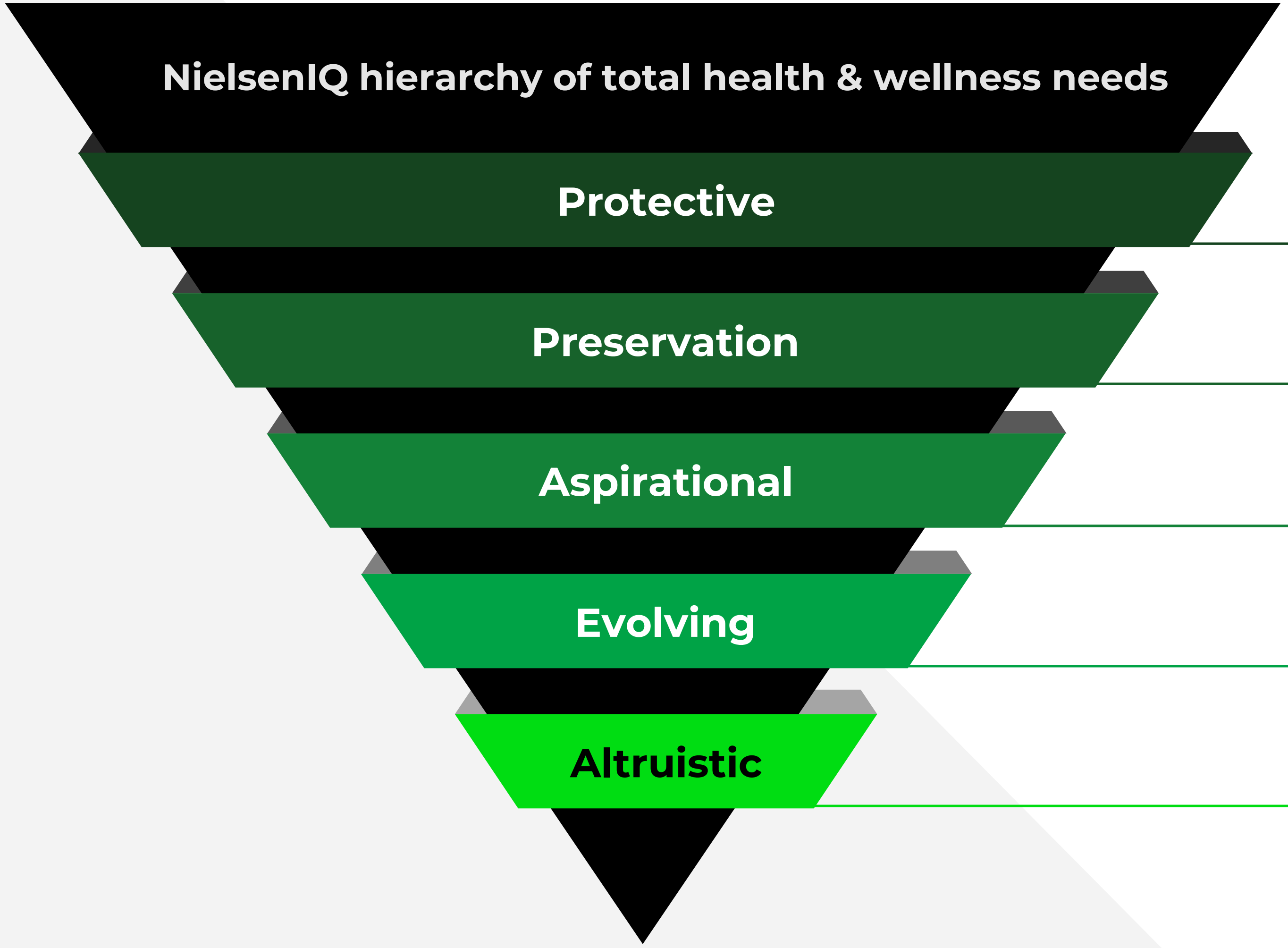
28%
have gained unwanted weight

18%
have a general feeling health (physical or mental) is out of control

Source: NielsenIQ Global Health & Wellness Study of 17 markets, September 2021, US Results, ranked by top 10 results for proactive

The new consumer health & wellness hierarchy

Consumers’ health and wellness needs have evolved beyond the basics of physical wellbeing



Urgent care
Protecting myself and/or my family members from **immediate** health threats.

Self care
Improving my and/or my family's **current** physical or emotional wellbeing and connections.

Preventative care
Proactive actions to achieve & maintain specific health **goals**, or helping to avoid ailments in the **long-term.**

Innovative care
Seeking out the **latest** alternatives or developments to continuously meet my and/or my family's health & wellness **goals**.

Selfless care
Improving the world **around me** by advocating for environmental, ethical, humanitarian, and/or philanthropic causes.

Protection is the most universal need

62%

of consumers ranked **protective needs** as high in importance

66%

would pay more for products with **hygiene/safety/protection** claims or practices

68%

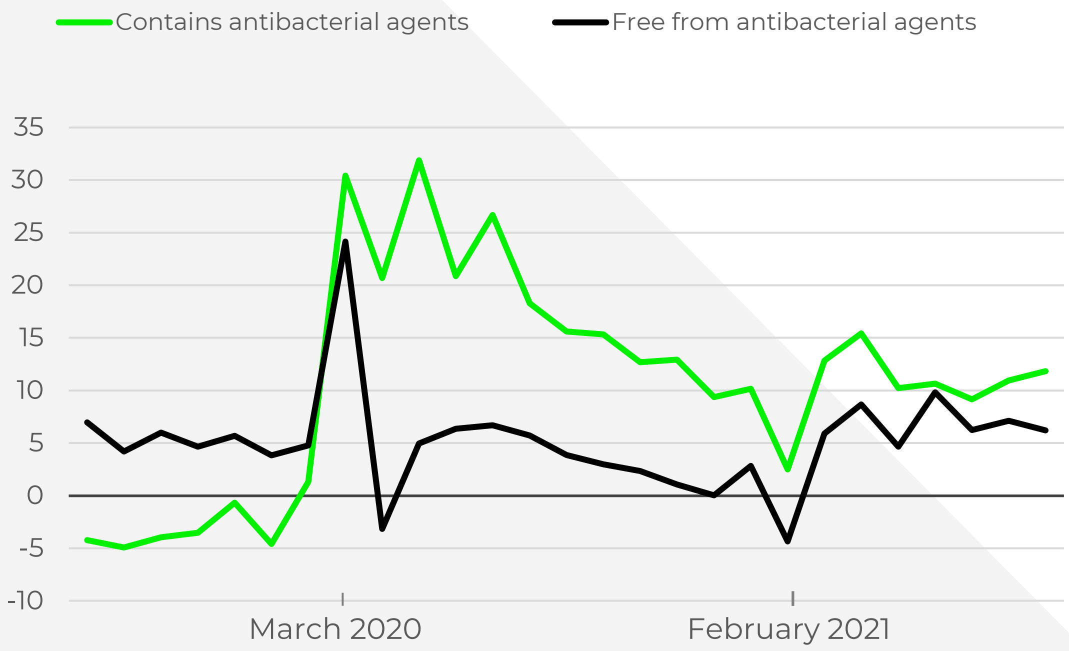
of consumers say that **protective needs** have become **more important** over the last 2 years

Source: NielsenIQ Global Health & Wellness Study of 17 markets, September 2021, US Results

Antibacterial and immunity continue increase in sales but decrease in search

Exponential rise due to COVID-19, leveling off but growth substantial vs pre-pandemic

2020-2021 sales trends



+15% Immune system health sales

+23% Contains antibacterial agents

Top "immune-related" search terms*	Search Vol
Tea	10,471
Immune support tea	2,547
Immune tea	1,166
Immune juice	952
Immune refresher juice	516

Source: NielsenIQ Retail Measurement Services, NielsenIQ Product Insight, powered by Label Insight, Total Store; Total US xAOC; 4W trended W/E 9/11/21; L52 weeks W/E 11/27/21 vs 2YA
*Label Insight search data, annual searches, from Amazon, Shipt, Target, Walmart, Kroger

COVID-19 put a spotlight on comorbidities

Health issue rise may correlate to stress during pandemic

Ailments in household

Among total respondents (n=12,559)

42% Allergies	18% Insomnia	10% Dry Eye	7% Restless Leg Syndrome
33% Acid Reflux	15% Headache - migraine	10% Hair Loss	7% Eye Disease
32% High Blood Pressure	15% Acne	9% Urinary Incontinence	6% Pre-Diabetes
29% Imperfect Vision	14% Headache	9% Allergies - food related only	6% Constipation - chronic
27% Obesity	13% Diabetes - Type II	8% Lactose Intolerance	5% Gum Disease
24% Arthritis	13% Muscle Pain	8% Menopause/Perimenopause	5% Blood Conditions
22% Cholesterol Problems	13% Asthma	7% Attention Deficit Disorder	5% Chronic Bronchitis
20% Joint / Neck / Back Pain	13% Skin Condition - not acne	7% Irritable Bowel Syndrome (IBS)	

Note : Only ailments greater or equal to 5% is shown

NielsenIQ Annual Shopper Health Study, 2021, Q10. Below is a list of health-related conditions / ailments. Please read the list carefully and then select the condition(s) that anyone in your household, including yourself, has experienced during the past 6 months. Please select all that apply

Pandemic protective behavior drove channel shifting

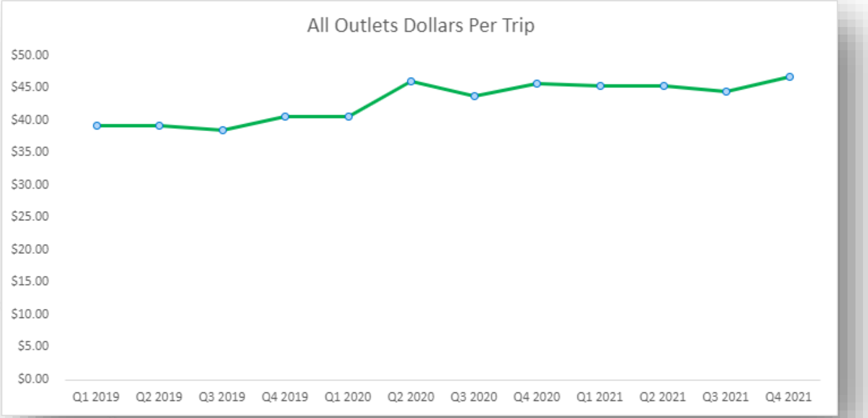
Club, liquor and online were only outlets to see consistent trip growth

Trips

	2020	2021	2021 v 2019
Total Outlets excl Online	▼	▲	▼
All Grocery Stores	▲	▼ –	–
Mass Merch w/ Supers	▼	▲	▲
Warehouse Club	▲	▲	▲
Beauty Supply	▼	▲	▲
Dollar Stores	▲	▼	▼
Drug Stores	▼	▲	▼
Home Improvement	▲▲	▼	▲
Liquor Stores	▲	▲	▲
Pet Stores	–	▲	▲
Convenience Stores	▼	▲	▲ –
Online	▲▲	▲	▲▲

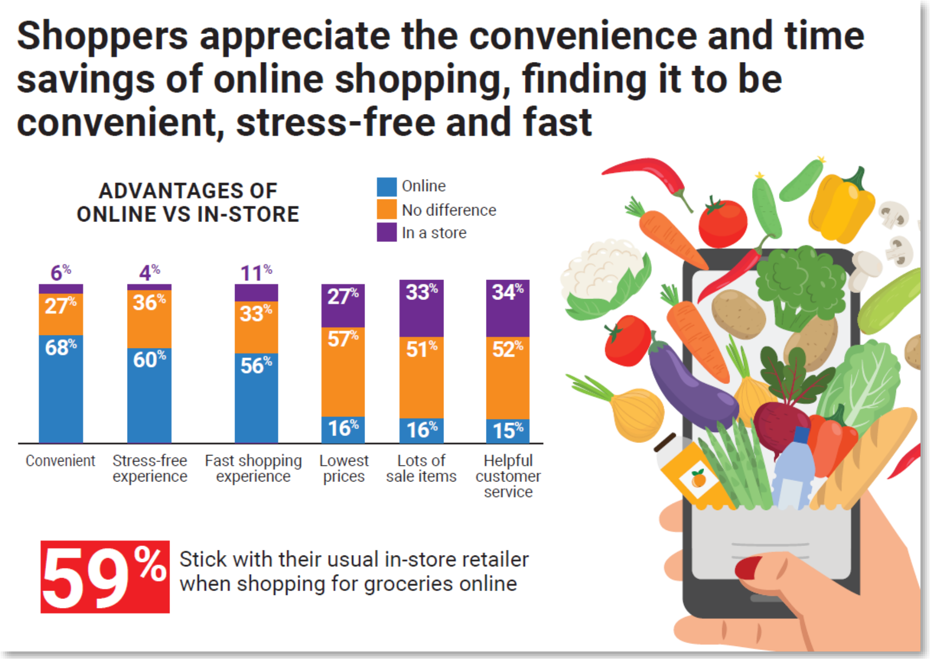
-4.3%
Display 2021 v. 2019

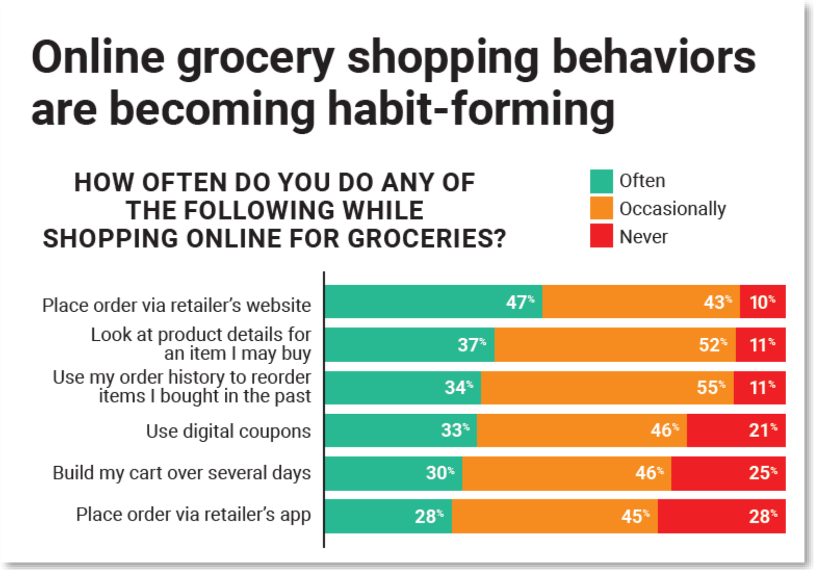
-1.1%
Display without feature 2021 v. 2019



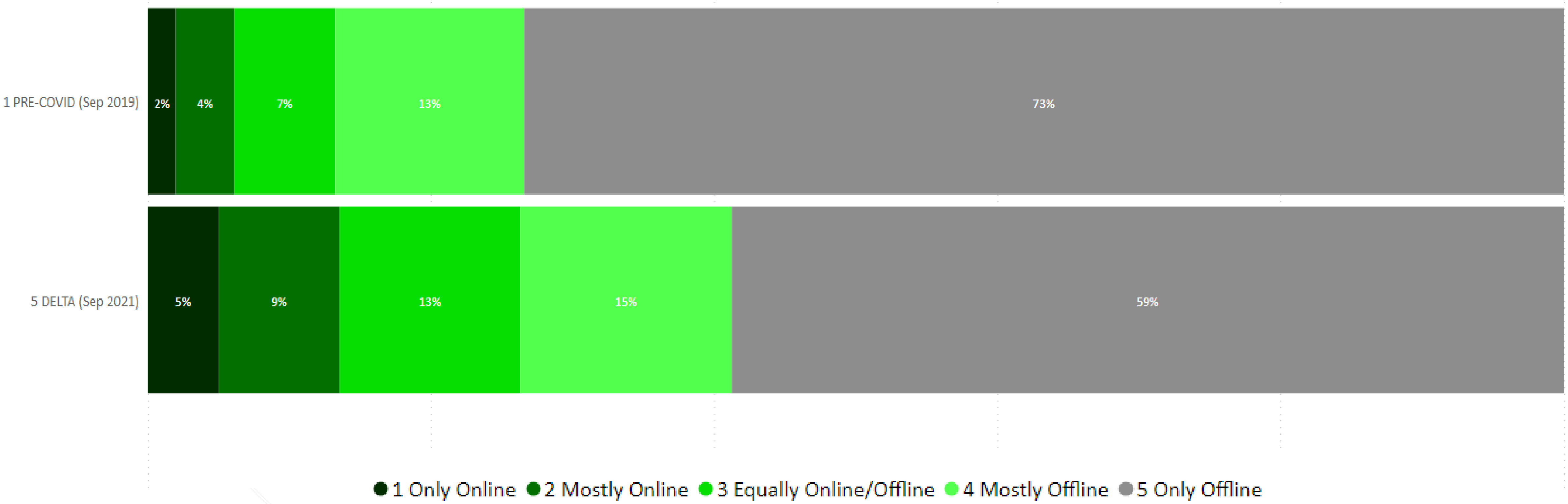
Source: NielsenIQ Homescan Panel – 2019, 2020, 2021

The Growth of Online Grocery Shopping Shows No Signs of Slowing





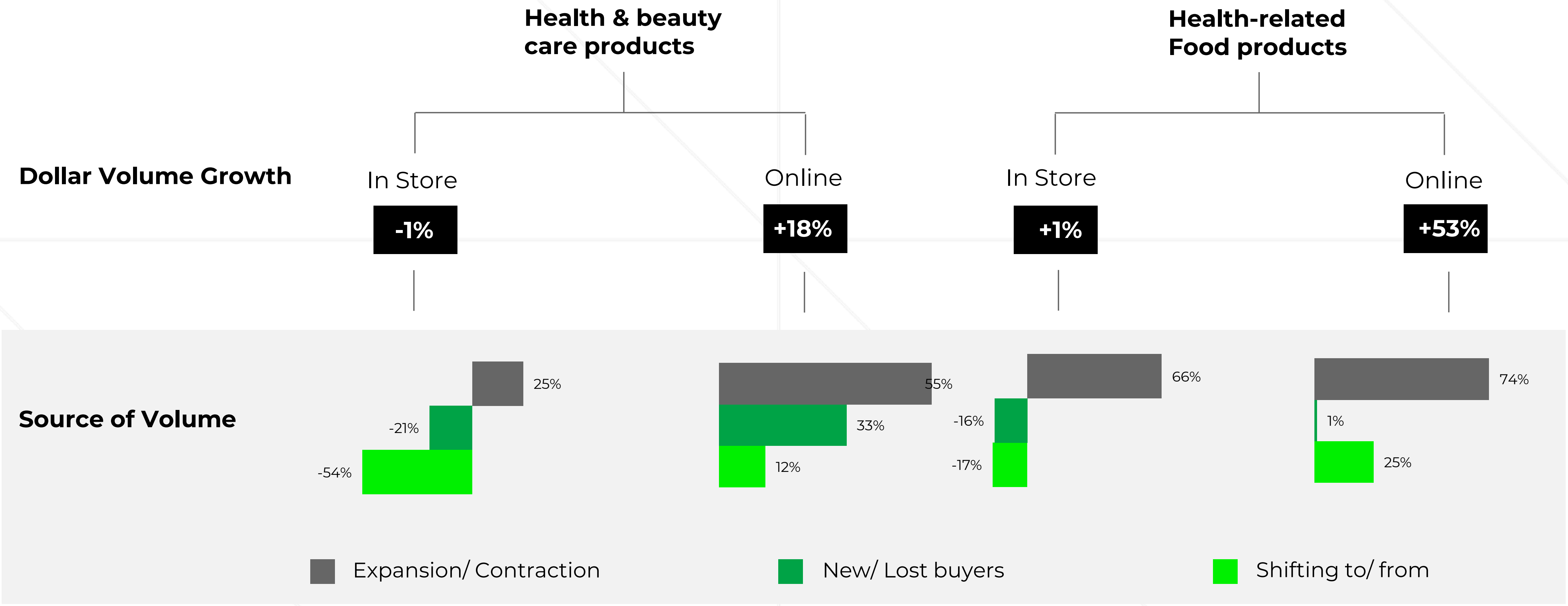
Online gained dramatically through the pandemic



Source: NielsenIQ Omnichannel Shopping Fundamental Survey Wave 1: Pre-Covid and Wave 5 Delta Sept 2021

E-commerce growth is incremental for health-aligned products

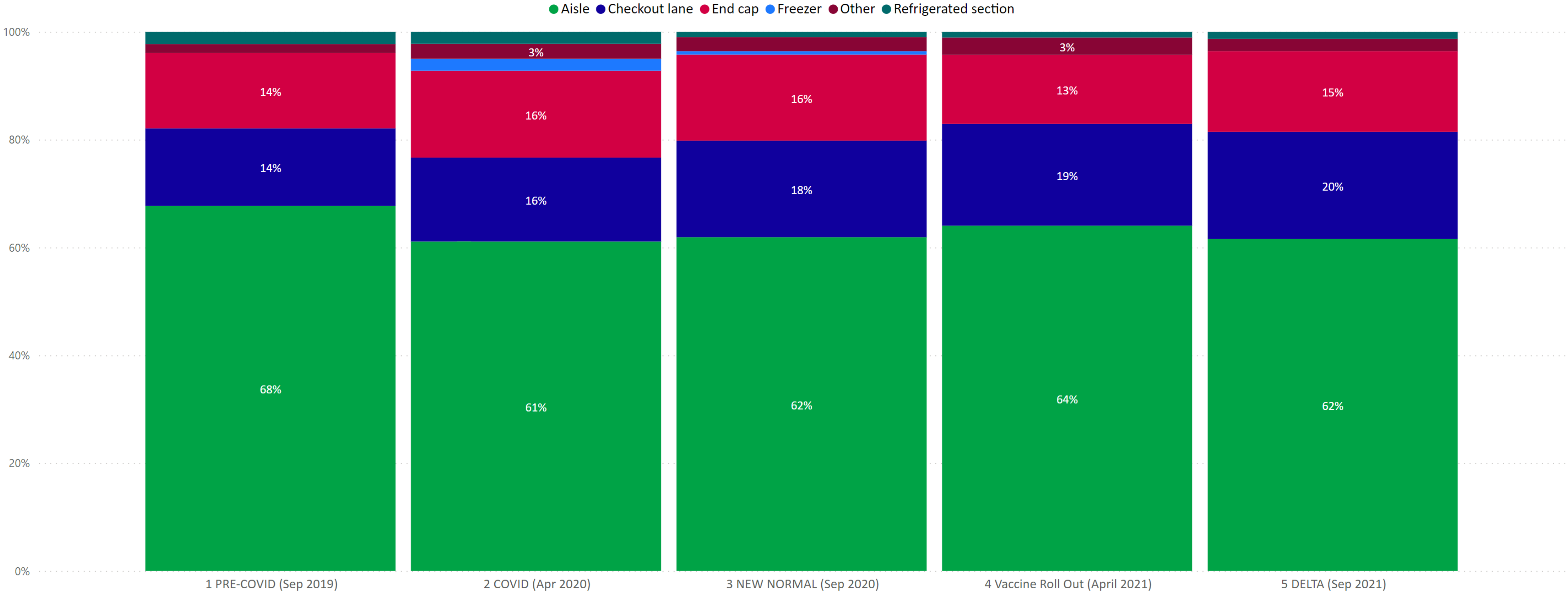
Only 25% of online food growth for health-related products was due to shifting volume from other channels



Source: NielsenIQ omnipanel, Brand shifting analysis, 48 weeks ended Aug. 14 2021 vs. 48 weeks ended Sept. 12, 2020

When in the store, where impulse products are chosen shifted through the pandemic

Checkout lane increased in importance for snacks in convenience channel



Source: NielsenIQ Omnichannel Shopping Fundamental Survey Wave 1- 5, Convenience Store Channel, Snacks, Where in the store did you buy this product?

Impulse Category Trends

Medical masks 5,000%

Thermometers 90%

First aid kits 40%

Single Serve Beverages 24%

Confection 20%

Salty Snacks 18%

Tweezers 17%

Air Fresheners 16%

Dried Fruit 16%

Chocolate 15%

Total Store 14.3%

Snack mixes 12%

Batteries 7.4%

Lip balm -6%

Mints – 14%

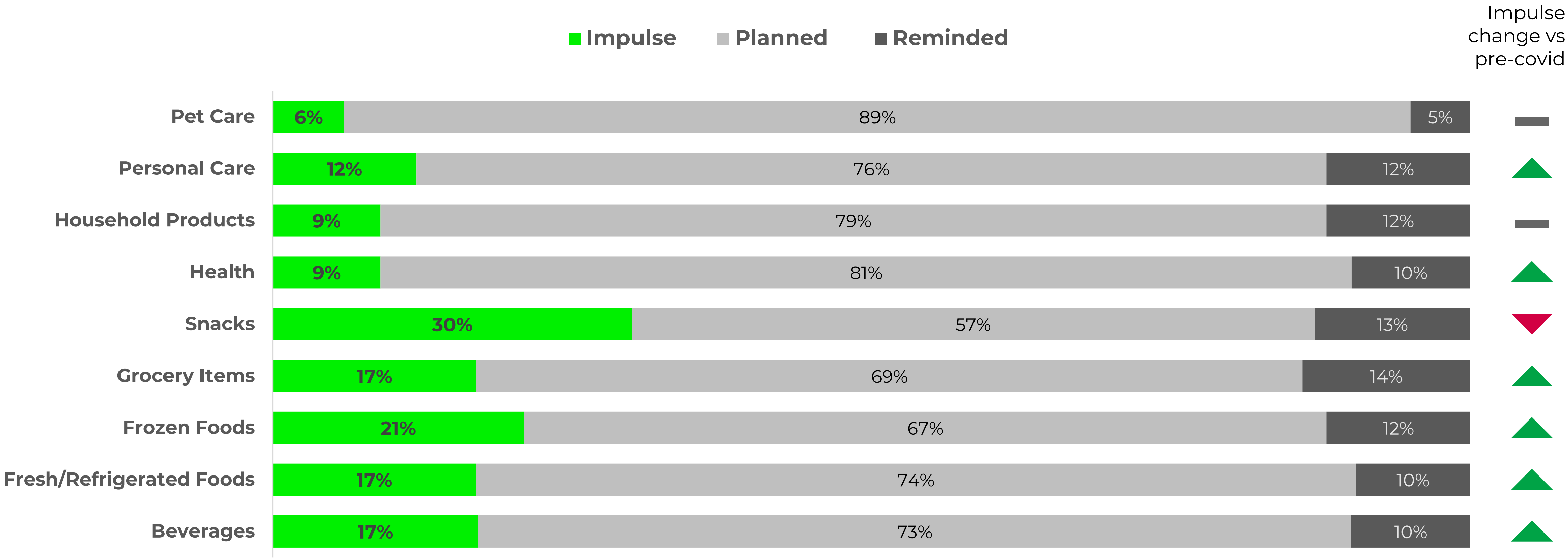
Gum -18%

Single Serve Salty Snacks -20%

Footcare – 90%

Source: Total xAOC + convenience, 2YA ending 2021 v 2019

Rise in new impulse purchase behavior



Source: NielsenIQ Omnichannel Shopping Fundamental Survey Wave 5 Delta Sept 2021

3 Recovery **trajectories**: scenarios that could evolve ahead

Social conditions

Overall improvement
- Decreased COVID impact
- High vaccine uptake
- Global coordination

Relative stability
- Ongoing COVID impacts
- Mid vaccine uptake (inc booster)
- Outbreaks continue & precautions required

Overall deterioration
- Accelerated COVID impacts
- Low vaccine (booster) uptake & variant challenges
- Outbreaks increase & mandates required

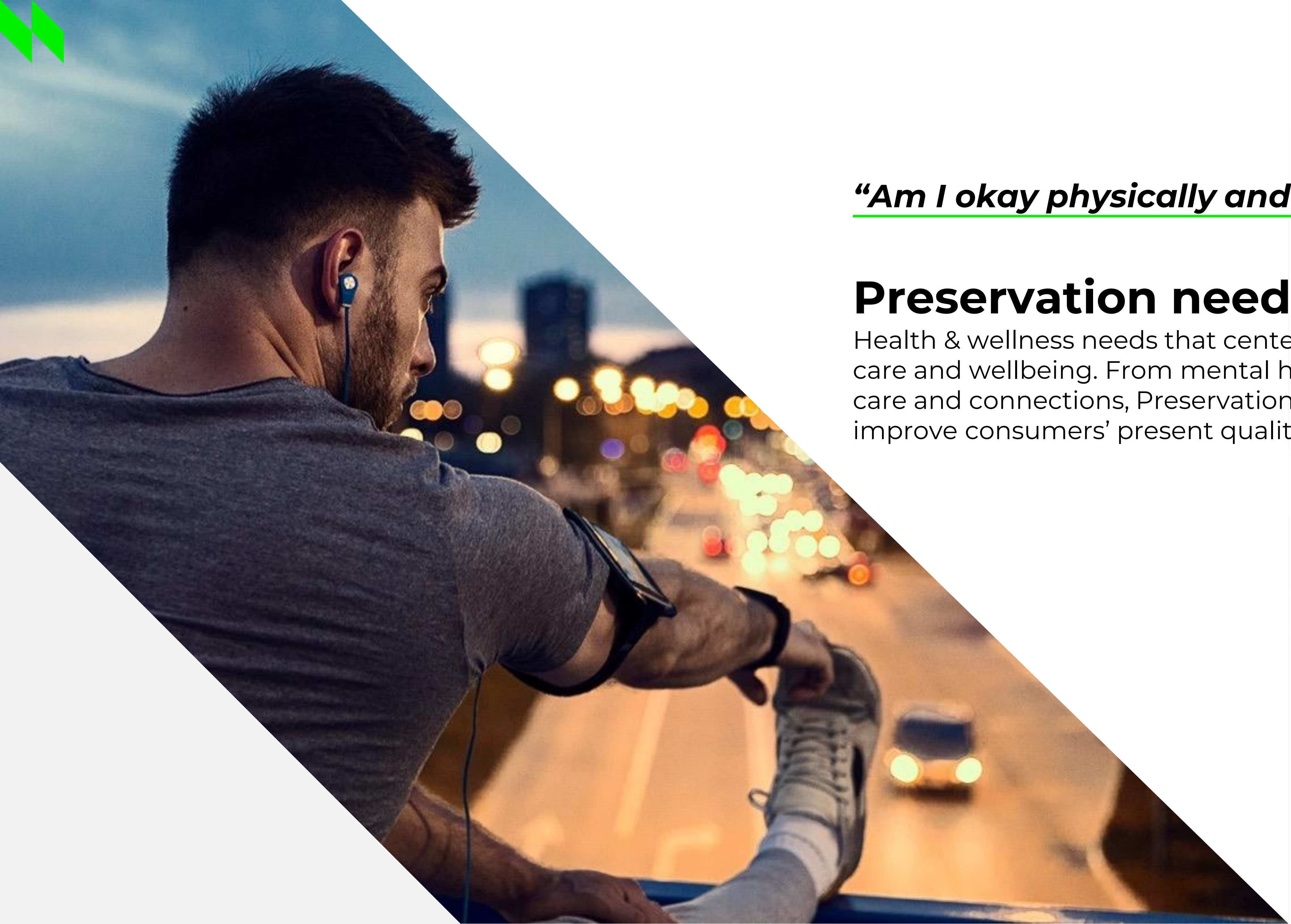
Industry impact

Overall deterioration
- OOH consumption recovers - FMCG plateau
- At home consumption declines
- Physical stores relevant
- Online growth slows
- Less constrained consumers

Significant improvement
- At home consumption continues - FMCG grows from ingrained habits
- Increased constrained behavior
- At home grows
- Online growth continues current trajectory

Stable topline – Polarized environment
- At home consumption grows - Redirected spend into FMCG maintains momentum
- Increased constrained behavior
- Online growth accelerates

Source - NielsenIQ COVID Recovery trajectories



“Am I okay physically and mentally?”

Preservation needs

Health & wellness needs that center around current self care and wellbeing. From mental health to physical self care and connections, Preservation Needs are those that improve consumers’ present quality of life.

Expanded view of wellness impacted by COVID-19

What is more important to U.S. consumers since COVID-19?

Since COVID-19 began, what is the negative impact on health?

Consumer priorities are especially important for impacted groups

Source: NielsenIQ Global Pulse, Q2; NielsenIQ Global Health & Wellness Study of 17 markets, September 2021, US Results

Products across the store meeting consumer needs

+10%

sales growth in U.S. since 2019 among products supporting a '**food as medicine**' function (Q)

Mental health

+38% Anxiety support – S
+24% Mood and stress health – S
+37% Sleep support – S

Ailment

+14% Diabetes support – Q
+10% Cholesterol support – Q
+15% Immune system health – S
+13% Arthritis support – S

+13%

Total Vitamins/OTC sales growth in U.S. since 2019

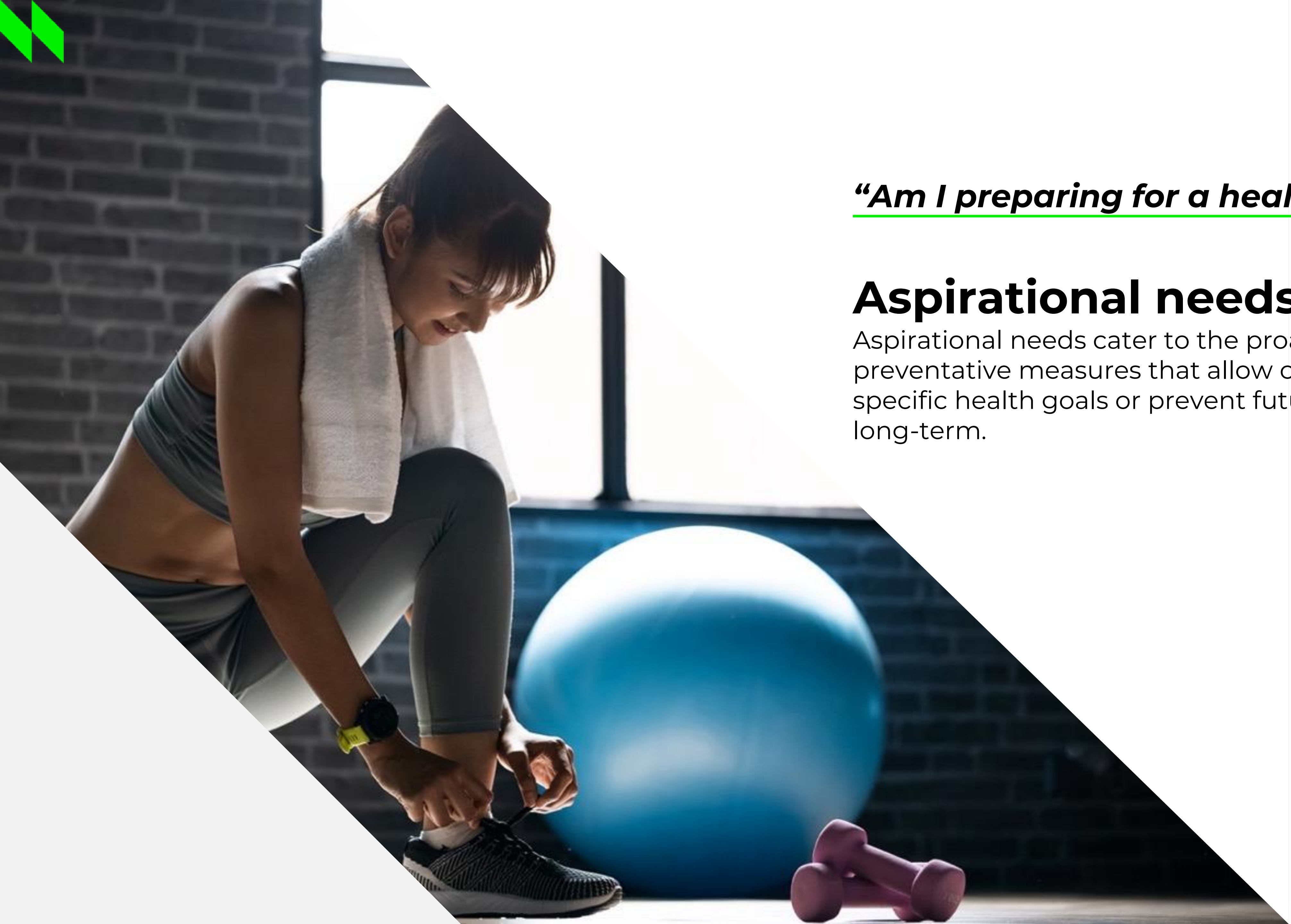
Physical

+96% Kidney health – S
+15% Joint health – S
+9% Bone health – S
+11% Brain health – S
+9% Inflammation – Q
+6% Heart health – S

Relief

+6% Heartburn & acid reflux support – S
+2% Pain support – S
+13% Digestive health – Q

Source: NielsenIQ Retail Measurement Services, NielsenIQ Product Insight, powered by Label Insight, Total Store; Total US xAOC; L52 weeks W/E 11/27/21 vs 2YA
S = Stated, Q= Qualified



"Am I preparing for a healthy future?"

Aspirational needs

Aspirational needs cater to the proactive and preventative measures that allow consumers to achieve specific health goals or prevent future ailments in the long-term.

The rise in a consumer's flexible mindset

Adapting to a better and not best mindset in substitutions helps consumers implement sustainable, long-term changes

29%

Of consumers actively seek healthier options when browsing

Growth insights across categories

In Food & Bev

+84% reduced or low caffeine

In Bev/Al

+131% alcohol-free

+114% low/reduced alcohol

Shift to 'flexitarian' approach to F&B stems

Attribute	Sales Growth	On Diet*	Online search**
No sugar	+10%	11%	~5.1M searches
Low Carb	+18%	11%	~1.4M searches
Keto	+18%	6%	~3.2M searches
Gluten-Free	+16%	3%	~5.3M searches
Vegan	+17%	2%	~7.0M searches

'Qualified' attributes derived from ingredient label on package

Source: NielsenIQ Retail Measurement Services, NielsenIQ Product Insight, powered by Label Insight, Total Store; Total US xAOC; L52 weeks W/E 11/27/21 vs 2YA
Nielsen IQ Consumer Pulse Survey
*NielsenIQ 2021 Health Shopper Survey Results In the past 6 months, have you or anyone in your household followed a special diet? Please select all that apply. Among total respondents (n=12,559)
**Label Insight search data, annual searches, from Amazon, Shipt, Target, Walmart, Kroger

Clean label definition continues to evolve

	Qualified	Stated
Free from RBST	+14%	+15%
Free from hormones	+14%	+20%
Free from artificial flavors	+15%	+16%
Free from artificial colors	+15%	+15%
Free from artificial fragrance	+15%	+31%
Free from artificial sweeteners	+15%	+25%
Free from artificial preservatives	+15%	+17%
Free from antibiotics	+14%	+27%
Free from high fructose corn syrup	+15%	+17%
Count of ingredients 1-5	+15%	--
Count of ingredients 6-10	+16%	--
Count of ingredients 11-15	+14%	--
Count of ingredients 16-20	+11%	--

	Qualified	Stated
Organic	--	+19%
Non-GMO	--	+22%
Free from gluten	+16%	+19%
Free from sulfates (Personal Care)	+7%	+46%
Free from parabens (Personal Care)	+10%	+42%
Free from SLS (Personal Care)	+7%	+14%
Free from phthalates (Personal Care)	+22%	+50%
Free from aluminum	+8%	+71%
Free from preservatives	+15%	+13%
Free from sulfites	+104%	+11%
Free from filler	+14%	+16%
Recognizable ingredients	+16%	--
Hypoallergenic	--	+20%

Source: NielsenIQ Retail Measurement Services, NielsenIQ Product Insight, powered by Label Insight, Total Store; Total US xAOC; L52 weeks W/E 11/27/21 vs 2YA

"Am I trying anything new or innovative with my health regimes?"

Evolving needs

Innovative trends that are shaping the evolving needs of health-minded consumers. From seasonal ingredients to emerging alternatives, these needs speak to the latest developments in healthy active living.

Craving health innovation

64%

interested in products or services that can be **customized** to meet my **specific health need** or requirements

54%

are happy for a company to **access** some of my personal health data if it gives me advantages

51%

of US consumers would love to follow and **try out new health and wellness trends** whether that's products, ingredients or new technology to improve my health

Source: NielsenIQ Global Health & Wellness Study of 17 markets, September 2021, US Results

High growth/across store trends to know

Hitting the sweet spot of high growth & rapid category expansion

NielsenIQ Emerging Trends across top categories in store

- Animal-welfare
- Probiotic group
- Organic
- Ayurvedic group
- Gluten-Free
- Cage-Free
- Hormone-Free
- Antioxidant group
- Adaptogen group
- Natural positioning

U.S. category growth

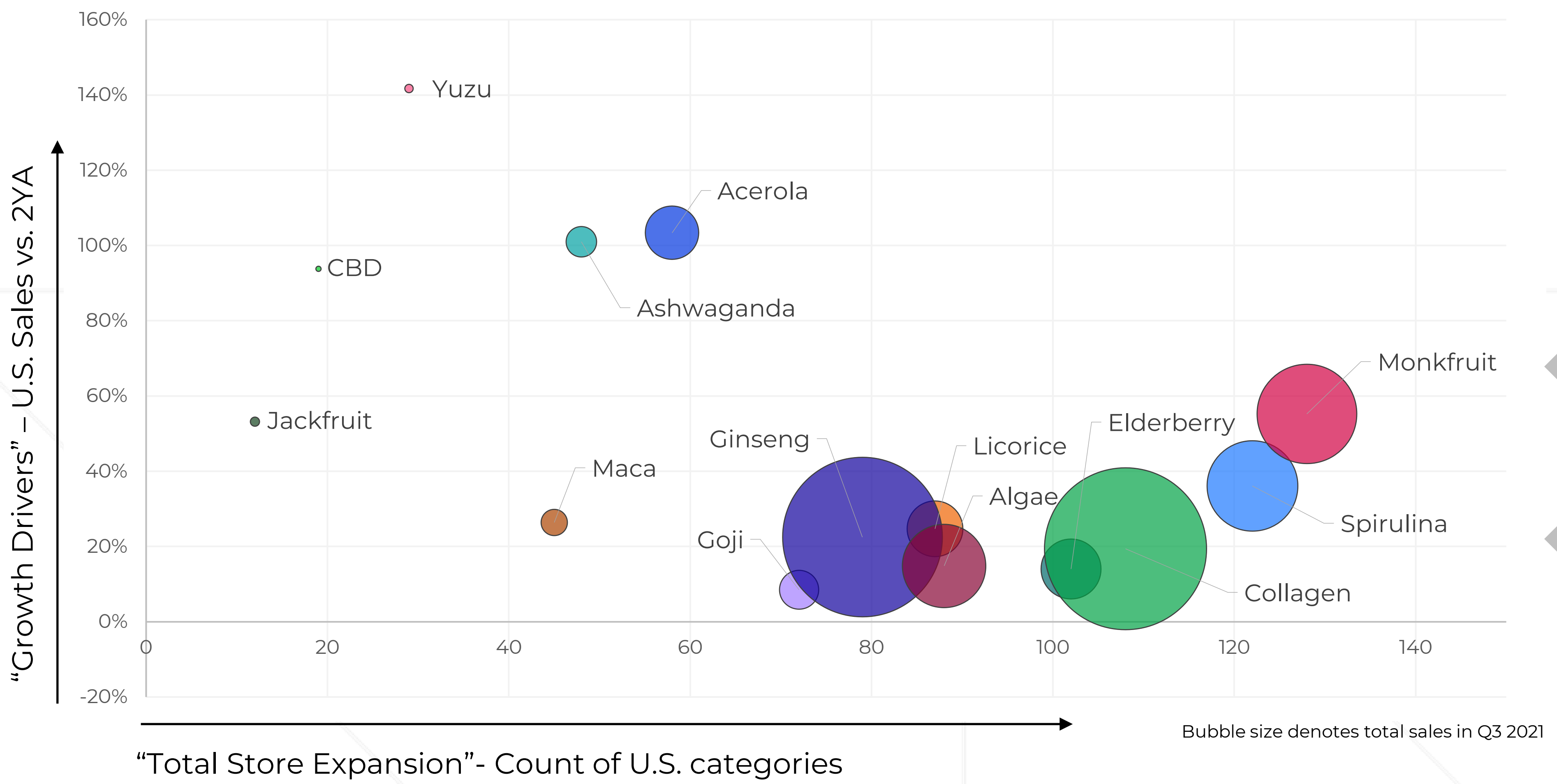
Category growth drivers vs store expansion

	Category count	$ % chg vs 2YA	Q3 2021 Total sales
Ayurvedic group	765	+18%	$34B
Ancient grains	492	+16%	$13B
Superfoods	513	+15%	$8B
TCM group	464	+23%	$3B
Adaptogen group	222	+25%	$1B
Sprouted ingredients	105	+25%	$139M

Source: NielsenIQ Retail Measurement Services, NielsenIQ Product Insight, powered by Label Insight, Total Store; Total US xAOC; Quarterly data Q3 2021 vs 2YA

High growth ingredients to know

Hitting the sweet spot of high growth & rapid category expansion



Turmeric
408 categories
$4.8B sales
+24% vs 2YA

Ginger
371 categories
$1.4B sales
+35% vs 2YA

Source: NielsenIQ Retail Measurement Services, NielsenIQ Product Insight, NielsenIQ Emerging Trends, powered by Label Insight, Total Store; Total US xAOC; Quarterly data Q3 2021 vs 2YA

"Am I helping the health of the planet and those around me?"

Altruistic needs

Many consumers strive to improve the world around them with health & wellness needs that extend the concept of "me" to "we". Altruistic needs delve into consumption that supports environmental, ethical, social or other selfless causes.

Consumers are demonstrating more interest in sustainability in Food & Beverage categories

$ % Chg vs 2YA **Department**	**Social responsibility**	**Sustainable farming**	**Environmental sustainability**	**Sustainable packaging**	**Animal welfare**
Total Store	+19.3%	+13.6%	+16.2%	+12.0%	+24.6%
Total Food & Beverage	+26.2%	+14.7%	+18.3%	+16.7%	+25.7%
BevAl	+19.9%	+0.8%	+5.3%	+49.8%	+12.0%
Vitamins/OTC	+58.2%	+15.9%	+18.2%	+18.2%	+20.7%
Beauty/Personal Care	+20.2%	-69.3%	+18.9%	+13.4%	+35.7%
Household Care	+3.5%	+34.5%	+13.3%	+18.3%	+8.9%
Pet Care	-24.9%	+61.4%*	+2.3%	+7.4%	-6.1%
Examples of 80+ attributes tracked across certifications or claims	B Corporation Cradle to cradle Ethical Fair trade Fair wages or Labor Responsibly sourced	Sustainable farming Biodynamic EU Organic Farming Family farm	Carbon footprint Renewable energy Reduced water waste Water conservation Wind energy Zero waste	BPA free Eco-friendly pkg Plastic free Recyclable Renewable pkg TetraPak	Cage free Farm raised Free range 100% Grass fed Humane Pasture raised

Source: NielsenIQ Retail Measurement Services, NielsenIQ Product Insight, powered by Label Insight, Total US xAOC; L52W ending 11/27/21 vs 2YA
*52 weeks W/E 10/09/21 vs 2YA

Sustainable packaging is an area of opportunity across store

Recyclable is becoming baseline

		$ % C2YA	$ Volume
	Total Store	**+14%**	
	Sustainable Packaging	**+12%**	**$51.3B**
Proven trends	**Recyclable****	+16%	$264.4B
	Recycled Packaging	+8%	$35.8B
	Recycled Packaging Content	+8%	$27.0B
Growing trends	**100% recycled paperboard**	+7%	$14.5B
	Biodegradable	+6%	$7.9B
	Terracycle	+23%	$6.9B
Developing trends	**Tetra pak certified**	+22%	$2.1B
	Renewable Packaging Content	+73%	$287.5M
	Plastic-Free	+75%	$192.0M

'Stated' claims on package

Packaging search trends*

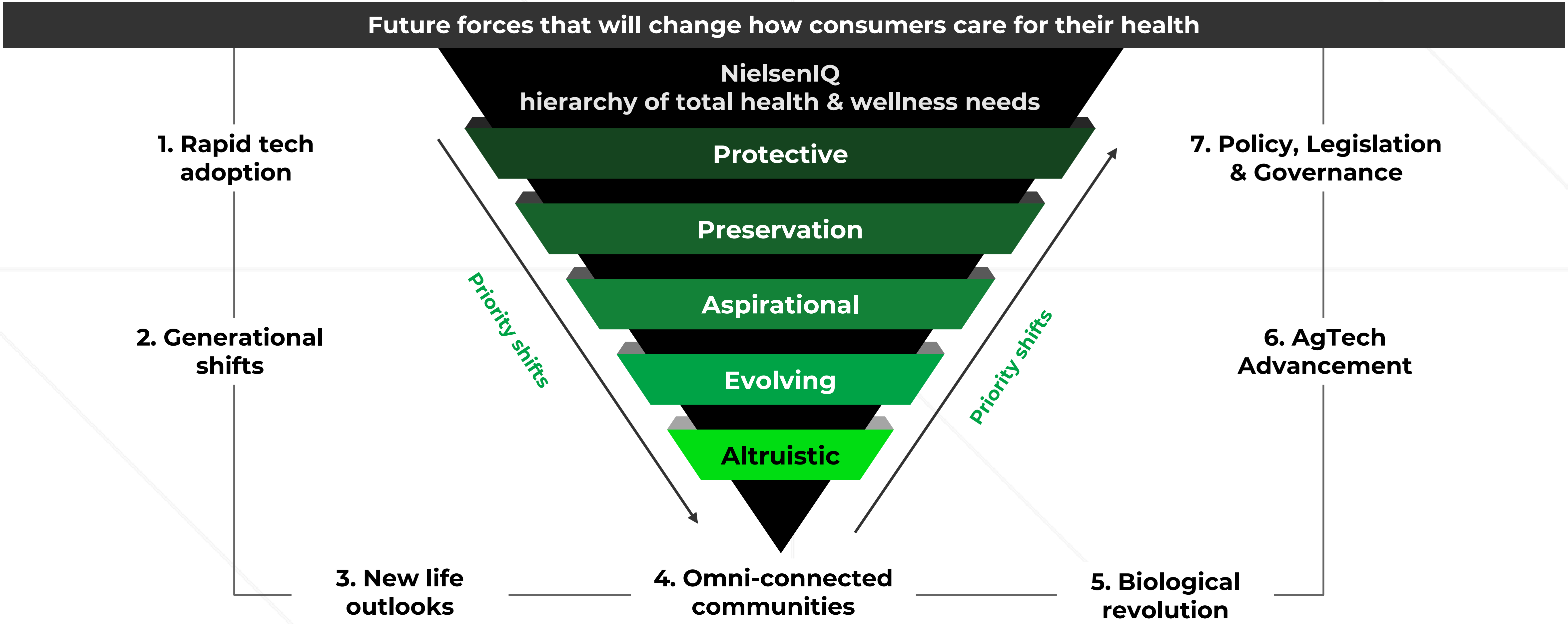
+ 94%
Plastic free
Personal Care

+74%
Refillable Packaging
Personal Care

-11%
Disposable
Personal Care

Source: NielsenIQ Retail Measurement Services, NielsenIQ Product Insight, powered by Label Insight, Total Store; Total US xAOC; 4W trended W/E 9/11/21; L52 weeks W/E 11/27/21 vs 2YA
*Label Insight search data, annual searches, from Amazon, Shipt, Target, Walmart, Kroger
**Recyclable is not included in the "Sustainable Packaging" total attribute

Today's health priorities will pivot around 7 future forces of change



Implications for Impulse Categories

Health & wellness, social responsibility increasingly important

Wellness will continue to be a force driving both shopping trips and product choice decisions. For some categories, a “better, not best” approach will work.

The bricks & mortar retail environment is experiencing a major change

The in-store “experience” will continue to evolve and impulse categories will play a role in the exploration as retailers reinvent themselves. Opportunities to bring impulse categories into the transactional experience of online.