

A large, vertical image of a branch with many small, green leaves hanging down from the top. The background is a soft, out-of-focus green and white, creating a bokeh effect. The bottom of the image shows a dark, horizontal wooden surface.

## Natural Health Products NZ Summit

### March 2018

Presenter: Alix Sinclair  
Team Leader Client Service



# AGENDA

- 1** Introduction to IRI

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- 2** The State of our Nation 2017

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- 3** Top Trends in FMCG for 2017

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- 4** Key Considerations

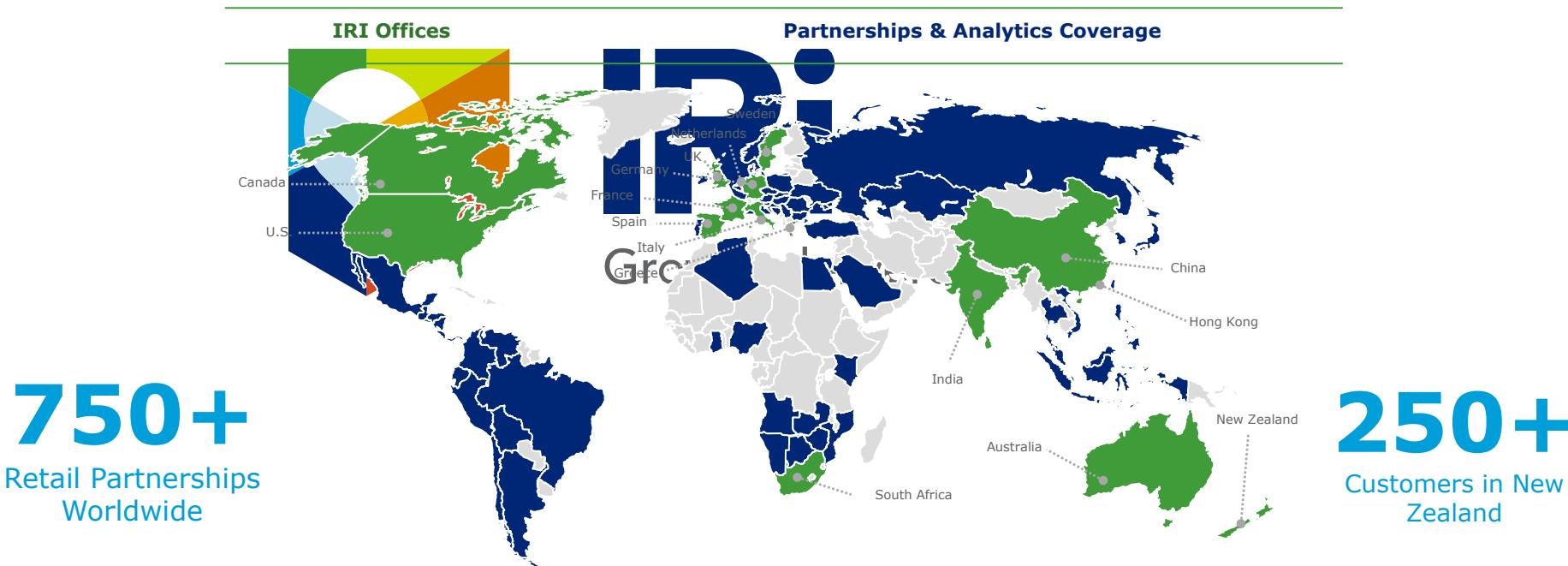
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- 5** Key Takeaways

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# IRI DELIVERS INSIGHTS, ANALYTICS AND CONSULTING IN OVER 60 COUNTRIES...





# **The State of our Nation 2017**



## Unemployment

**4.5%**

-0.8pt vs Q4 YA  
-0.1pt vs Q3 17



Q4 17

## Population Growth

**2.1%**

vs 2016



2017

## CPI Inflation Rate

**1.6%**

Chg. vs Q4 YA

## Food Price Index

**0.8%**

Chg vs Yr. to Jan-17



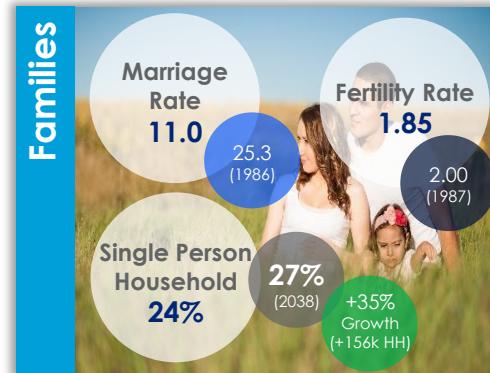
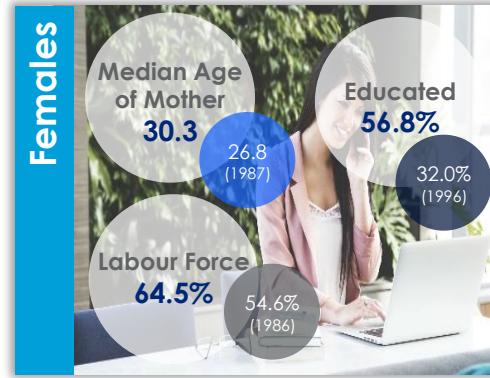
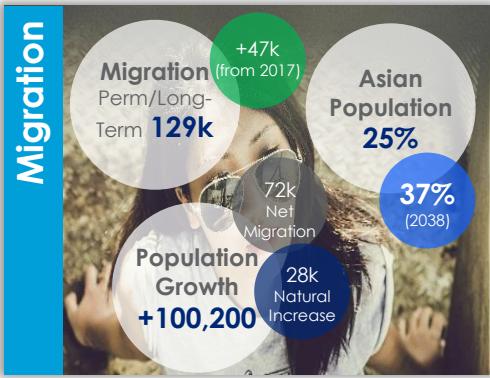
## US rate rise chances recede as job growth slows

Investing.com - After the latest batch of US economic data showed job growth in the month of April was weaker than expected, the chances of a rate increase from the Federal Reserve in June have receded.

On Friday, the US Bureau of Labor Statistics reported that the US economy added 113,000 new jobs in April, which was below the market's consensus estimate of 180,000.

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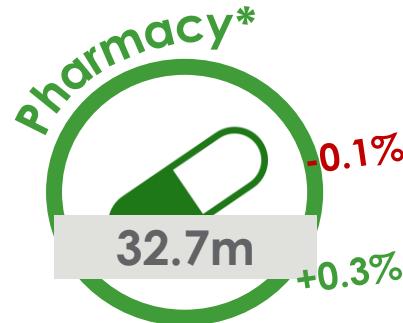
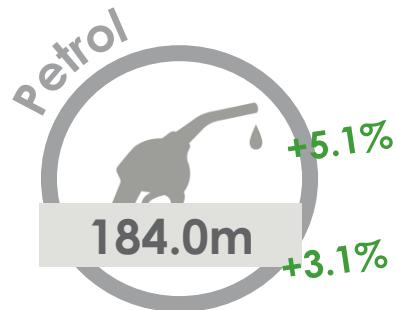
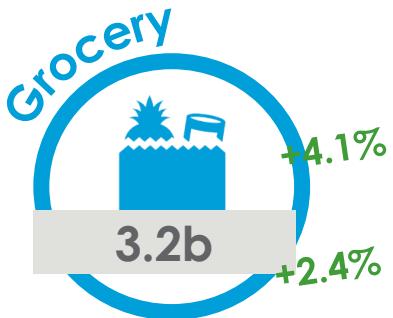
# WHO WE ARE AND HOW OUR POPULATION IS CHANGING, IS IMPACTING WHAT WE VALUE AND BUY



# NEW ZEALAND TOTAL RETAIL \$80.6B<sup>1</sup>

+6.1%

## NZ SCAN SALES



\$13.5b

\$1.3b

\$593m

# TOP 5 GROCERY (NON-FOOD) GROWTH/DECLINE



**+7.1%**  
(+\$8.1M)

**+6.7%**  
(+\$5.2M)

**+4.3%**  
(+\$4.8M)

**+13.1%**  
(+\$3.2M)

**+7.6%**  
(+\$3.0M)



**-7.0%**  
(-\$6.2M)

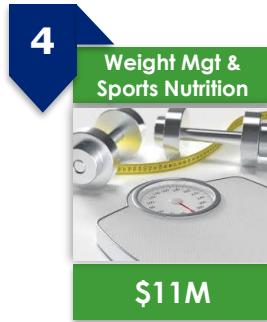
**-18.1%**  
(-\$3.1M)

**-22.4%**  
(-\$2.9M)

**-14.2%**  
(-\$2.7M)

**-17.8%**  
(-\$1.8M)

# TOP 5 PHARMACY GROWTH/DECLINE



# NATURAL HEALTH CATEGORY PERFORMANCE

COMBINED GROCERY + PHARMACY



62%  
share



38%  
share

+8.1%

+6.7%

+8.9%

Dollars Growth Actual YA

+\$16.8M

National Combined

+\$5.3M

National Grocery

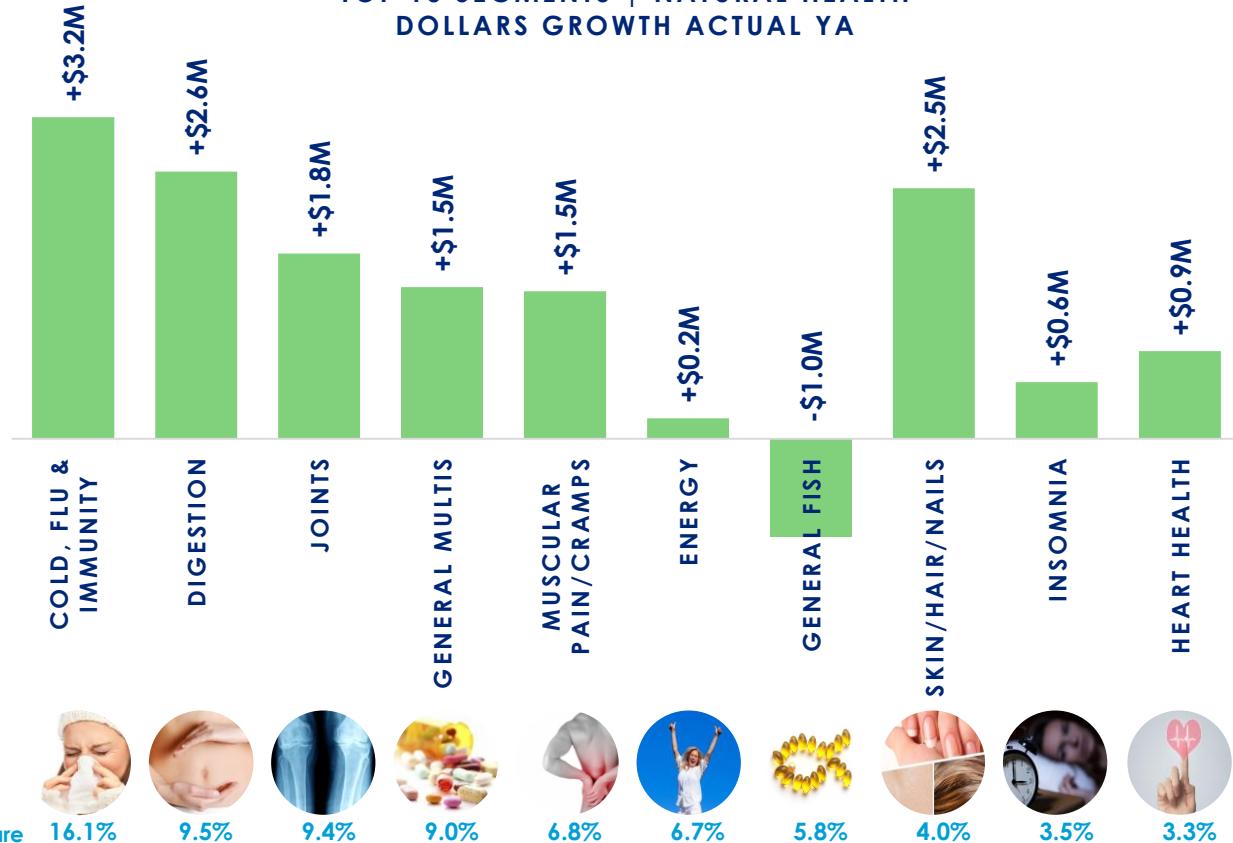
+\$11.5M

National Pharmacy

# TOP 10 NATURAL HEALTH SEGMENTS



TOP 10 SEGMENTS | NATURAL HEALTH  
DOLLARS GROWTH ACTUAL YA





# Top Trends in FMCG Retail for 2017

# HOLISTIC APPROACH TO HEALTH & WELLNESS



Feel Good  
Do Good  
Live Better

Desire for  
Purity

Peace &  
Harmony

Whanau

A photograph of a woman meditating in a lotus pose on a beach at sunset. She is silhouetted against the bright sky and ocean. Her hands are in mudras, and she is looking towards the horizon. The image is split vertically, with a dark grey overlay on the left side containing text.

Feel Good  
Do Good  
Live Good

# WELLNESS HAS BECOME A MAJOR GROWTH LEVER

Global

**64%**

"I actively take steps to look after my health regardless of whether I feel ill or not"

+12% 2013

**70%**

shoppers buy health food products for general wellness

The keys to following healthy nutrition...

**71%** 

Eat more fruit & vegetables

**27%** 

Pay attention to nutritional facts on the label

**38%** 

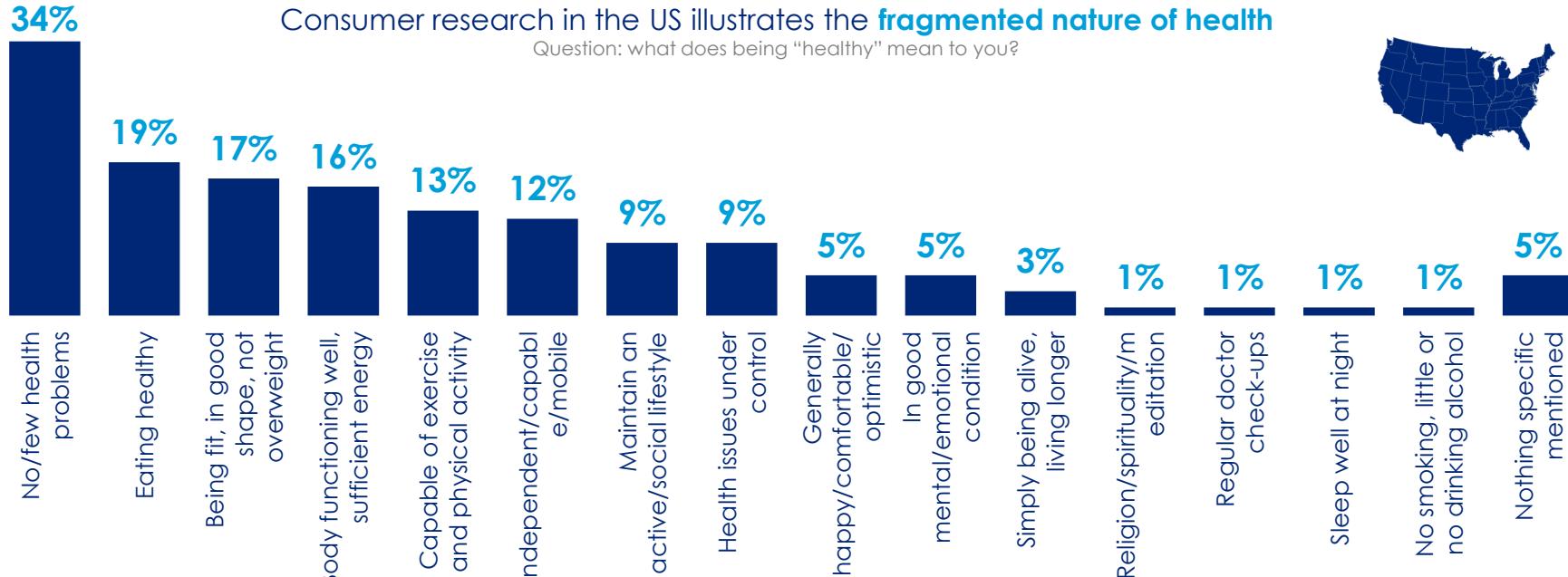
Read product ingredients

**18%** 

Dedicate more time to the right food choices / cooking

NZ IRI Regional Shopper Survey 2017

# THERE ARE VARIED INTERPRETATIONS OF WHAT 'HEALTHY' IS



Consider this: how does your core target shopper define healthy?

# WITH CONSUMERS ADOPTING A 360° HOLISTIC HEALTH & SELF CARE APPROACH

Over the Counter Products



Alt Medicine & Services



Natural Products



Food & Beverages



TREAT

PREVENT



Prescription Medication



Dietary Supplements



Devices



Home Remedies

# INGREDIENT BELIEF DRIVES CHOICES

**\$4.5M**

## value sales

### Turmeric Supplements

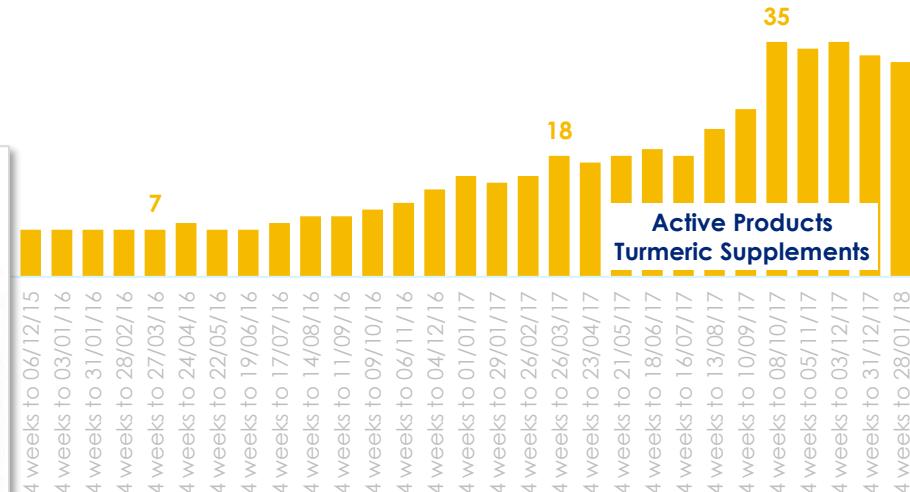
**+\$2.8M**

## Turmeric Supplements growth

# Turmeric Supplements: The rise in New Zealand growth

A photograph of three people standing in front of a market stall. On the left, a man with dark skin and dreadlocks is smiling. In the center, a woman with glasses and a grey hoodie is smiling. On the right, an older man with a white mustache is holding a large glass bottle of orange liquid, likely juice, with a label that includes a stylized 'E'. The background shows a green sign that reads 'The Food's ANTIOXIDANT' and 'ANTIOXIDANT'.

E-Life's Etu Tusitala (left) with visitors checking out E-Life's Samoa Wild Turmeric drink at the La Cigale French Market in Auckland last Saturday.



## Inflammation fighting properties



# PERSONAL CIRCUMSTANCES ARE ALSO DRIVING A CHANGE IN BEHAVIOUR



“**ALL  
DISEASE  
BEGINS IN THE  
GUT”**

- HIPPOCRATES

Gut health is a  
prevalent and  
growing  
concern in NZ



# WE SEE THIS WITH THE RISE IN DIGESTIVE MEDICINE



## LAXATIVES

\$11.0m

**+1.9%**  
(+\$202k)



## ANTACIDS

\$14.8m

**+2.7%**  
(+\$396k)



## ANTIDIARRHOEALS

\$4.5m

**+2.6%**  
(+\$116k)

Digestive Care Category  
**+2.2%**  
**+\$772k**

Probiotics  
**\$12.9M**  
**+9.7%**  
growth  
(+\$1.1M)

Prebiotics - Phoe  
**\$2.1**  
**+3.1%**  
growth  
(+\$64k)



A photograph of a woman meditating in a lotus pose on a beach at sunset. She is silhouetted against the bright sky and ocean. Her hands are in mudras, and she is looking towards the horizon. The image is split vertically: the left side is a darker, more saturated version of the same scene, while the right side is a lighter, more natural color version.

Desire for  
Purity



# CONSUMERS ARE INCREASINGLY AND ACTIVELY SEEKING TO LIVE LESS TOXIC, MORE NATURAL LIVES

**34%**  
consider NH  
supplements to  
be safer than  
traditional OTCs

**28%**  
believe they are  
gentler on the  
body

**17%**  
believe they  
address root  
cause vs  
symptoms

**32%**  
view NH  
supplements as  
more effective vs.  
traditional OTCs

**34%**  
of consumers  
perceive equal  
efficacy between  
NH supplements  
and traditional  
OTCs

**72%**  
of parents give  
their children NH  
supplements first  
vs. traditional  
OTCs

# COLD & FLU – SHIFT FROM OTC TO NATURAL REMEDIES

Flu rates three times higher than last year as dominant virus mutates

MICHELLE DUFF  
Last updated 12:52, August 4 2017



District health boards from New Zealand's most populated cities have experienced a big increase in the number of influenza hospital admissions. (File photo)

New Zealanders are catching the flu at three times the rate of last year, as the dominant strain of the virus begins to mutate.

+4.9%

+\$4.8M  
Cough & Cold  
OTC

+9.6%

+\$3.2M  
Cold & Flu  
Segment  
Natural Health



17.9%

\$2,884,316

Vitamin C

Dollars Growth Actual YA  
Natural Health Cold, Flu & Immunity

17.3%

Olive Leaf

2.0%

Garlic

-1.9%

Other

# HERBAL IS ON THE RISE...

**\$56.2M**

Value sales

**+\$6.7M**

growth

**+13.5%**

% growth



# WHAT'S ON THE OUTSIDE MATTERS AS MUCH AS WHAT'S ON THE INSIDE

## BEAUTY COUNTERS ARE GETTING CLEANER

Women are now reading the labels on their beauty products as carefully as food labels. They're scanning moisturizers for ingredients to avoid and seeing skin care as an extension of their health. As a result, chic, cleaner beauty products are getting way more accessible.

"Women come into our store having done a lot of research on ingredients and are hungry to know more," says Annie Jackson, VP of merchandising at [Credo Beauty](#), one of an expanding number of non-toxic beauty stores across the country.

Natural and organic brands are sprouting up almost daily, and becoming a very viable industry that's estimated to reach [\\$16 billion by 2020](#).

All of this is why mega stores like [Target](#), Millennial lifestyle retailers like [Urban Outfitters](#), and chains like [Sephora](#) are rapidly expanding their clean beauty offerings. "We've definitely seen an increase in the use of natural ingredients," says Priya Venkatesh, Sephora's VP of skin and hair merchandising. "Brands such as [Herbivore Botanicals](#) and [Drunk Elephant](#) have an enthusiastic fan base."

And, for the first time since 1938, a discussion about [cosmetics regulation](#) is happening on a governmental level. If passed next year, the [Personal Care Products Safety Act](#) would empower the Food & Drug Administration to evaluate skin-care ingredients for safety.

Women are now reading the labels on their beauty products as carefully as food labels.

Seeing skin care as an extension of their health

Natural and Organic brands estimated to reach **\$16 billion** by 2020



# AND NATURAL & ORGANIC IS KEY WITHIN SKINCARE



# TREND INTENSIFICATION, ACTIVELY SEEKING LESS TOXIC MORE NATURAL

**Lack of trust**, concern about **transparency**; product/ingredient **safety** and efficacy is driving a movement to **homemade/ DIY**, back to basics with simple ingredients



Charcoal Cleansers  
(+\$399K)



Vinegar  
+14.5%



think with Google

Cross-Market Trending Themes

Themes to Watch



Clay Cleansers  
(+\$240K)



Epsom Salts  
+8.2%



Baking Soda  
+0.4%



Peace &  
Harmony



# AND GOING BEYOND JUST WHAT WE EAT, BUT ALSO OUR STATE OF MIND

2009 World Health Organisation study placed

NZ 3<sup>rd</sup> in the world for lifetime prevalence of suffering from an anxiety disorder

1 in 4 NZer's will experience an anxiety disorder at some point in our lives

15,500+ kiwi children are diagnosed with anxiety, up from 2,800 five years ago

Google Search: "Anxiety" NZ



## The rise of the anxiety disorder

JACINTA TYNAN  
Last updated 11:55, August 16 2015



### FEATURED STORY

## Rising Anxiety

As a country we mainly consider ourselves a laid-back bunch, but in reality New Zealand has one of the highest rates of anxiety disorders in the world. A 2009 World Health Organisation study placed NZ 3<sup>rd</sup> in the world for lifetime prevalence of suffering from an anxiety disorder

stuff

Number of 'anxious' kids skyrockets

MARIKA HILL · 16:00, Jan 05 2013



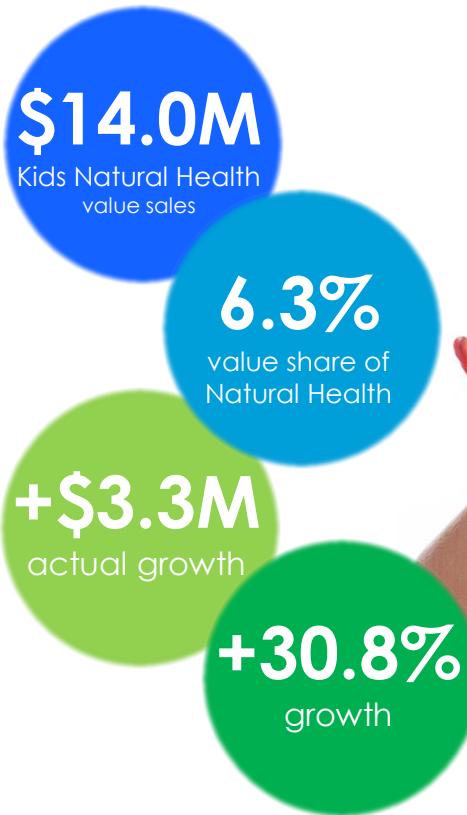
# WITH SLEEP PLAYING AN IMPORTANT ROLE IN OUR PHYSICAL HEALTH



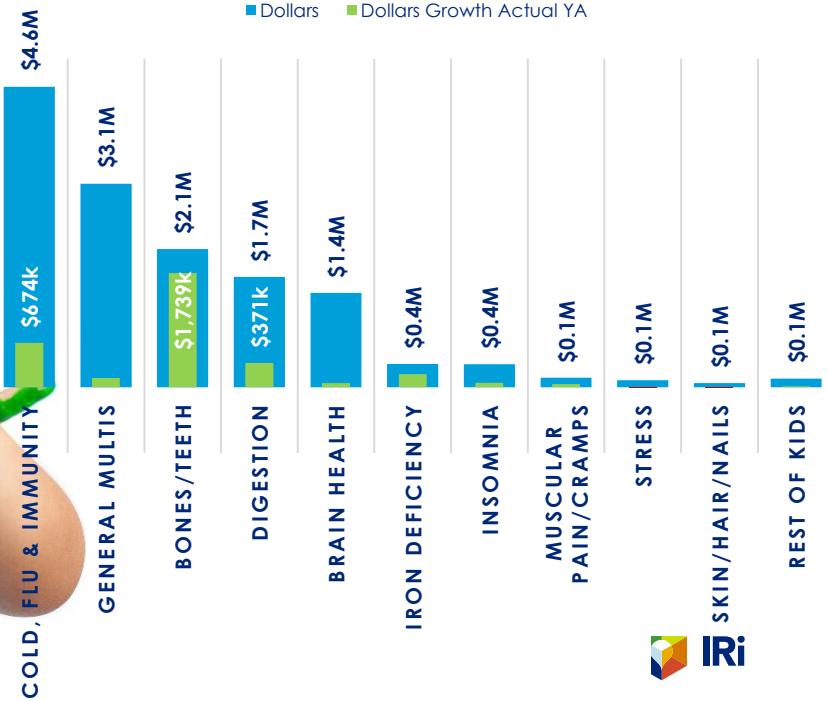


Whanau

# CONSUMERS FOCUS ON WHAT CONSTITUTES 'GOOD' FOR THEIR CHILDREN



KIDS NATURAL HEALTH SEGMENTS | TOP 10 (BY VALUE)



# PARENTS ATTEMPT TO FULFIL DIETARY DEFICIENCIES

**\$7.5M**  
Iron segment  
value sales

**+\$200k**  
Kids Iron  
actual growth

**+\$502k**  
actual growth

**+7.2%**  
growth

**\$335k**

value sales

**+\$195k**  
actual growth

**1 in 20**  
young children  
are **deficient in**  
iron

Anemia is the  
most common  
nutritional  
deficiency in  
the US among  
children



Four precursors to winning in health and wellness are that consumers...

Monitor beliefs as they drive consumer need in the changing domain of health

THEREFORE  
WINNING IN  
HEALTH AND WELLNESS...

Champion 'hero' ingredients and invest in ingredient understanding

NEED THE PRODUCT

UNDERSTAND AND FEEL THE BENEFIT

EMBRACE THE INGREDIENT

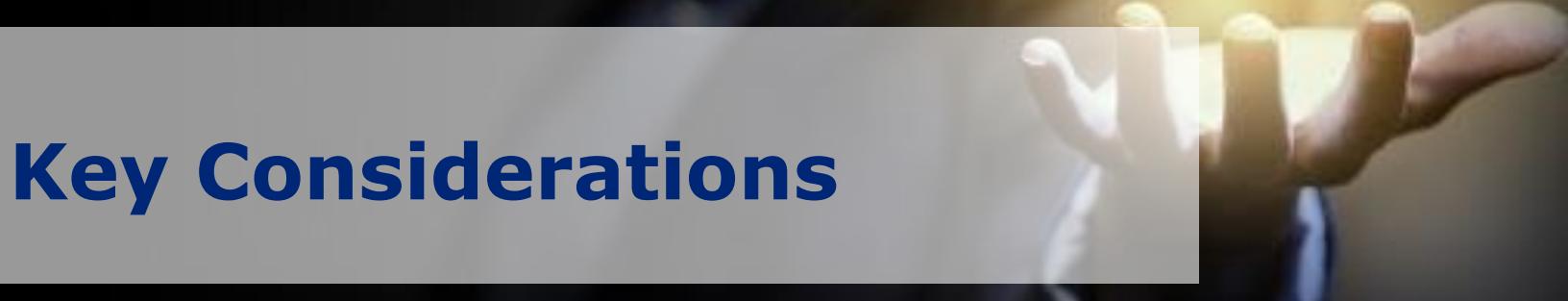
TRUST THE BRAND

Emphasise what the product inherently delivers, rather than deprives

Place an additional onus on authenticity as a core brand value to engender trust

...and that retailers/suppliers target the right shopper segment to win

# Key Considerations



# SOCIAL & ENVIRONMENTAL ISSUES INCREASINGLY CONSIDERED & VISIBLE



Localness

- New Zealand made has become more diverse & specific with significant growth of products across three areas:
  - Provenance & Locally Crafted
  - Heritage & Kiwiana
  - Native Botanicals
- As we look to support the smaller players in our stores

Environment

# SOCIAL & ENVIRONMENTAL ISSUES INCREASINGLY CONSIDERED & VISIBLE



Sustainability

Pollution

Natural/Geologic

Disasters

Animal Welfare

Waste

Climate Change

# THE CHANGING CONSUMER FUTURE IMPLICATIONS

Growth of older population in developed markets



Surge of younger population in emerging markets



Greater global connectivity and mobile penetration



- *The functional benefits of products will become increasingly important*
- **Brands need to address the demands of the older generation as range, experience and enjoyment will not be compromised with this group as they desire fuller lives for longer**

- **Brands must appeal to Millennials core values of good health, family and physical fitness**
- **For this group wellness is a daily, active pursuit and one they are willing to spend on**
- **Millennial parents are very conscious of the impacts of products on their children and Brands must deliver to this**
- **They are digital natives and brands must extend their reach**

- ***Time is the new currency, consumers shopping behaviour heavily influenced by convenience factor***
- **Consumers have never had so much information at their fingertips, gifting them with more power when purchasing products**
- **Onus is on brands to offer shopping shortcuts**

# QUESTIONS

## FOR MORE INFORMATION

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(09) 526-5408

## ABOUT IRI

IRI is a leader in delivering powerful market and shopper information, predictive analysis and the foresight that leads to action. We go beyond the data to ignite extraordinary growth for our clients in the CPG, retail and over-the-counter healthcare industries by pinpointing what matters and illuminating how it can impact their businesses across sales and marketing. Move your business forward at [IRIworldwide.co.nz](http://IRIworldwide.co.nz)

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