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New Hope Network

Natural Products Insider

Serving the underserved with supplements

New data reveals market gaps and opportunities.

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Show Announcements:

- Download the Mobile App to view the Exhibitor List, Show Schedule, Floor Plan and our Sponsors.
  - Thank you to our Mobile App sponsor**: Epicor. (Booth 4465)**
- Wi-Fi – Sponsored by **Cactus Botanicals (Booth 4237)**
  - Select network: SupplySideWest23
  - On the splash page, agree to terms & conditions
  - Enter access code: cactus4237 (access code is case sensitive)
- Please place all devices on silent mode
- The Expo Hall is open today from 10am – 5:00pm.
- What's Up With Supps is tonight from 5-11pm at the House of Blues at Mandalay Bay.
  Separate registration is required.

Inside the Bottle: Serving the underserved with supplements: new data reveals market gaps and opportunities.

Amanda Hartt

New Hope Network

Fran Schoenwetter

Informa SupplySide

Pelin Thorogood

Radicle Science

SupplySide WEST
North America
By Informa Markets

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What Are We Here To Talk About, and Why?

Why the research is relevant:

- Elevate the industry's understanding of consumers we don't usually focus upon: people who <u>don't</u> use supplements on a regular basis.
- Identify reasons why they are not using supplements regularly.
- Uncover topics for further analysis & discussion, and opportunities they might indicate.
- Suggest whitespaces and opportunities for consumer access and education.

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How we went about it:

- To obtain a representative sample of qualified consumer respondents, a click-balancing recruiting methodology was employed to ensure those screened for participation were balanced to census distributions.

- Quality control checks were utilized throughout the survey to ensure data integrity.

- Respondents were screened using the following criteria:

    - 18 years or older
    - US resident
    - Must either be the primary grocery shopper or share the responsibility for grocery shopping.
    - Qualify as a non-regular supplement user (ranging from taking supplements no more than 1-2 times per week to never having taken supplements).

- In total, 1,506 surveys were completed.

- Data was collected April 12 through May 1, 2023.

Non-regular supplement users are 27% of the population.

Demographic Profile	15% Occasional Users	4% Lapsed Users	8% Non-Users
Generational Skew *(Relative to Total Population)*	**Younger** *(More Millennial/Gen Z)*	**Split** *(More Gen Z/Gen X)*	**Older** *(Less Millennial, More Boomer/Silent)*
Gender Skew			
Household Income Skew			
Neighborhood Skew*			
Natural Channel Shopper Skew			

*Note: Differences vs general population here are slight, but more pronounced when comparing across subgroups.

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What we learned:

27% of adults don't take supplements regularly

- 15% take supplements sporadically/as needed; no more than 1-2x per week.
- 4% have stopped taking them recently, and 8% have never taken them.

These adults lack an understanding of how supplements can help

- They often don't understand what even constitutes a "supplement."
- They rely most on the internet, doctors, friends and family for advice
- Their lack of familiarity may be feeding into other barriers/concerns

We can, and should, explore how to address this.

- How can we better educate and engage consumers, especially those who aren't our core customers?
- How can we grow their understanding of the value, safety, and benefits of regular supplement use?

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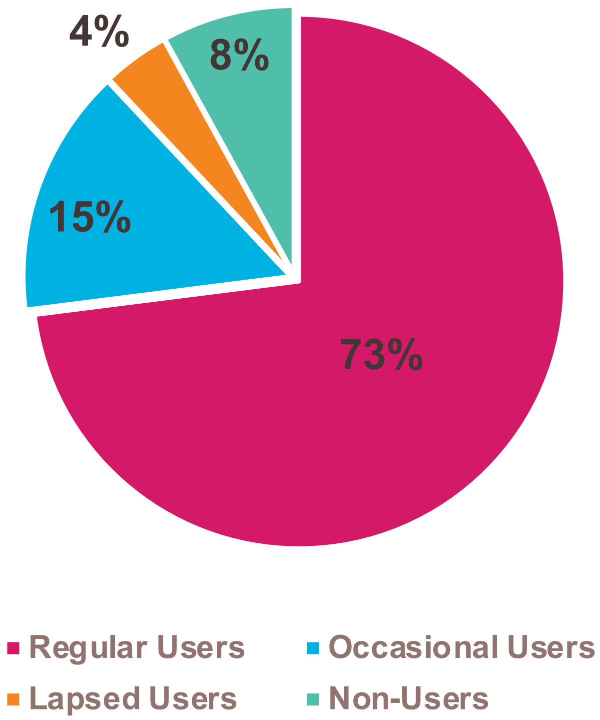
Who Are Non-Regular Supplement Users?

Most people use supplements regularly



- Almost **three-quarters of US consumers are regular supplement users** (take supplements at least every other day).
- Almost one in five (27%) are non-regular supplement users (occasional or lapsed users, or those who have never taken them).

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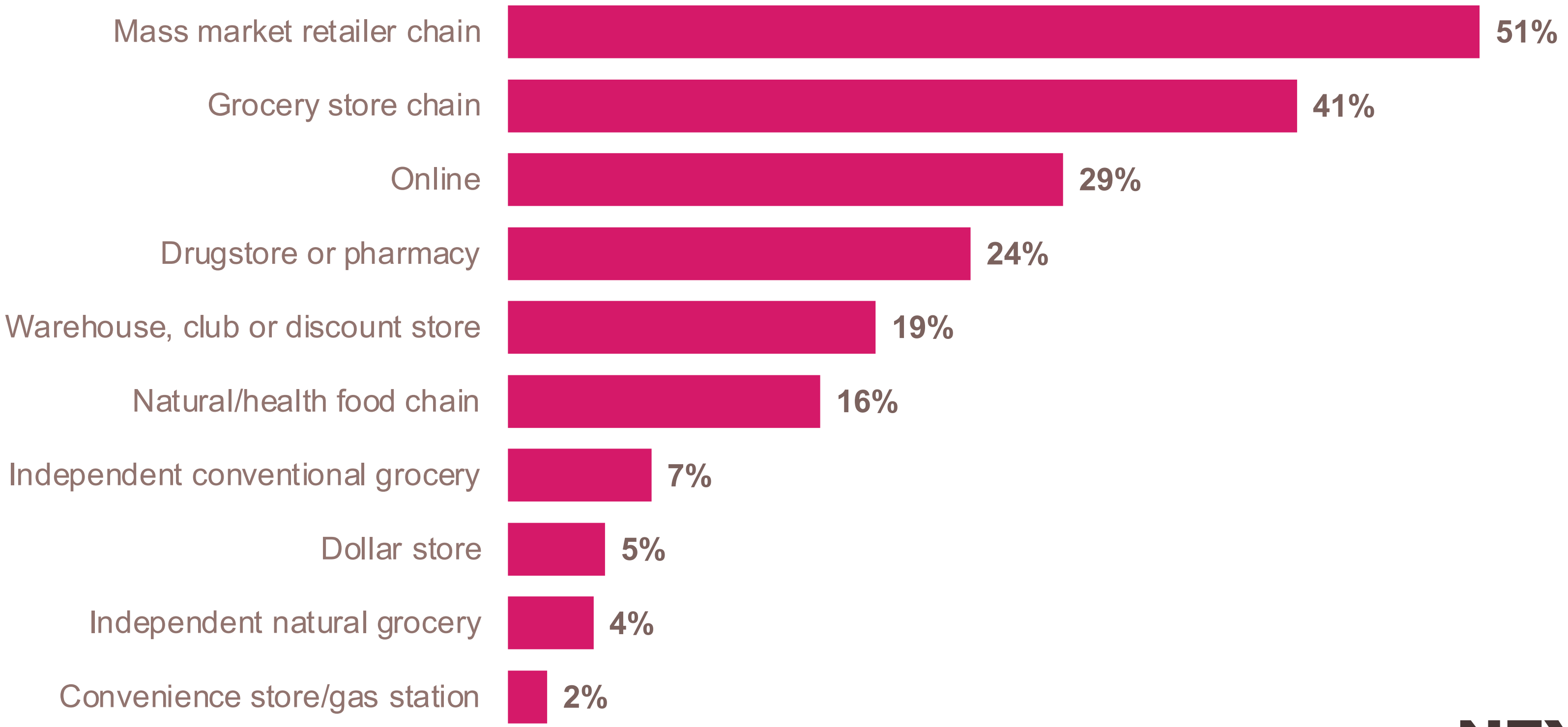
Occasional users offer the strongest opportunity for conversion.

Profile	55% Occasional Users	16% Lapsed Users	29% Non-Users
Satisfied with their health	✓	—	✓
Knowledgeable about supplements	—	✗	✗
Health-motivated	✓	✓	✗
Affinity for organic	—	✗	✗
Feel comfortable at natural product stores	✓	—	✗

Occasional/sporadic users mainly get their supplements from in-store retail and grocery.



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Q24: Where do you primarily buy supplements from? Select all that apply. (Note: if you primarily order from your grocery store's online platform, select "online.").

What Do We Need to Overcome?

Lack of knowledge is the key challenge.

66%

Lack of knowledge

- When asked how confident they are about their level of knowledge about supplements, answered ‘not at all’, ‘not very’ or neutral.
- Opportunity: Educate on the value, uses, and types of supplements

22%

Lack of trust in supplement industry

- Don’t believe that health claims on supplement packaging are trustworthy.
- Believe that supplement companies are dishonest about what’s in their products.
- Opportunity: Demonstrate that products are safe, reliable, and regulated

15%

Efficacy concerns

- Decreased supplement usage because they were not helpful enough.
- Don’t believe that dietary supplements are effective for either general health or for a specific condition.
- Opportunity: Provide concrete evidence of effectiveness and/or make it easier to remember to take as directed

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Some feel disconnected, or doubt the value.

Lack of access

39%

- Cannot easily access healthy food and/or supplements at grocery stores in their community
- Natural/health food stores are not easy to get to.
- Opportunity: Look for ways to efficiently expand distribution into underserved markets.

Concerns about value

28%

- Decreased supplement usage due to rising costs or needing to save money/reduce expenses.
- Don't believe that dietary supplements are affordable or worth the money.
- Opportunity: Focus the conversation on the value, rather than the cost.

Uncomfortable in natural channel

20%

- Don't feel welcome in natural channel retail stores.
- Don't believe that natural or health food products are made with them in mind.
- Opportunity: Look for ways in which companies can provide welcoming, personalized advice and/or recommendations.

Lack of knowledge feeds into every other concern that non-regular users have.

	Lack of knowledge	Lack of access	Concerns about value	Lack of trust in industry	Concerns about efficacy	Uncomfortable in natural channel
Subgroup Size	**66%**	**39%**	**28%**	**22%**	**15%**	**20%**
Lack of knowledge		**71%**	**59%**	**52%**	**52%**	**73%**
Lack of access	42%		49%	44%	51%	**78%**
Concerns about value	25%	36%		**63%**	**70%**	37%
Lack of trust in industry	17%	25%	49%		**58%**	27%
Concerns about efficacy	12%	20%	37%	39%		21%
Uncomfortable in natural channel	22%	40%	26%	25%	28%	

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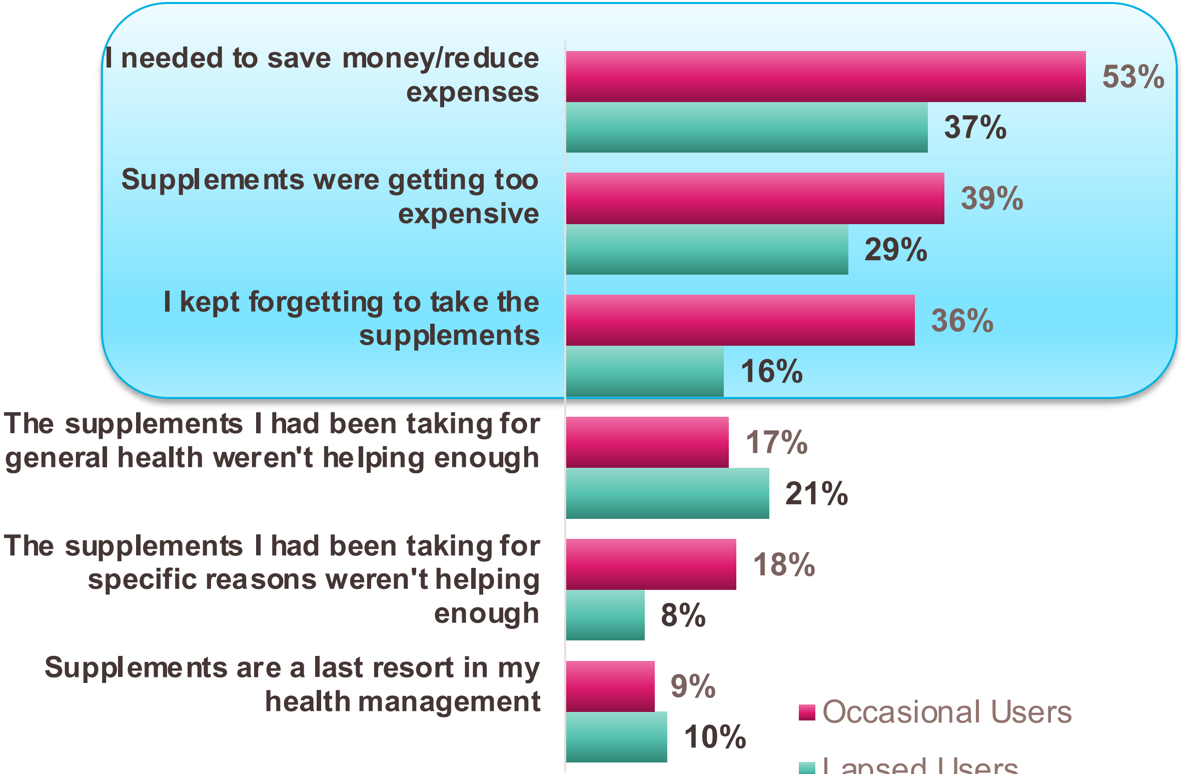
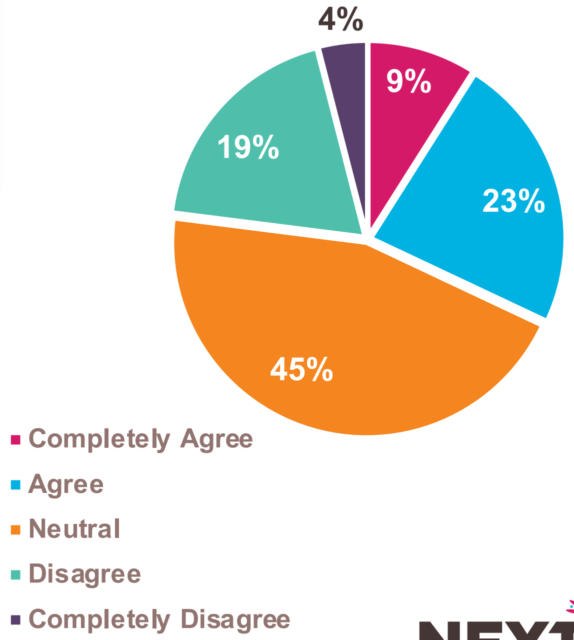
But, when consumers decide to reduce or stop their supplement use, they often decide they aren't getting enough value out of them.



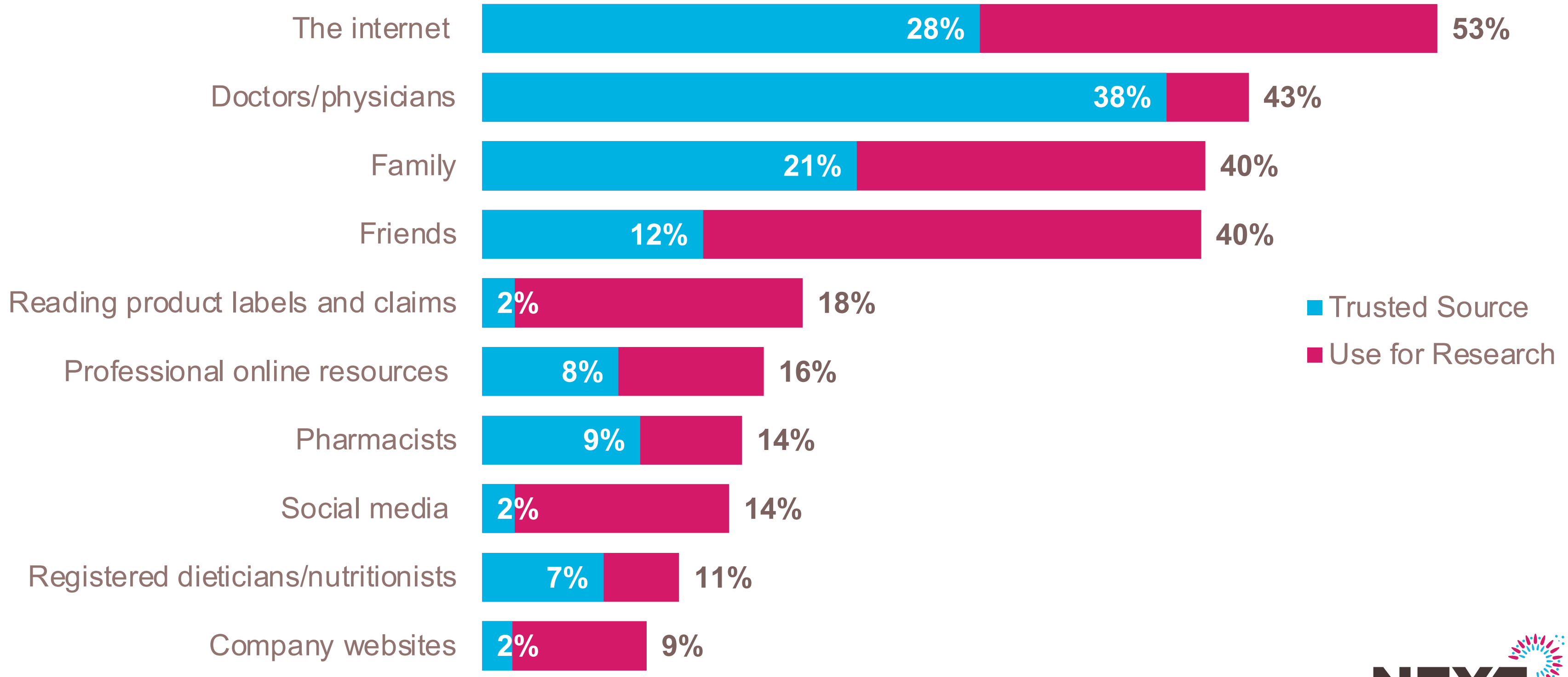
How occasional or sporadic users feel about supplements' value for the money.



Q10: Which are the main reasons that you decreased your supplement usage? Select all that apply.

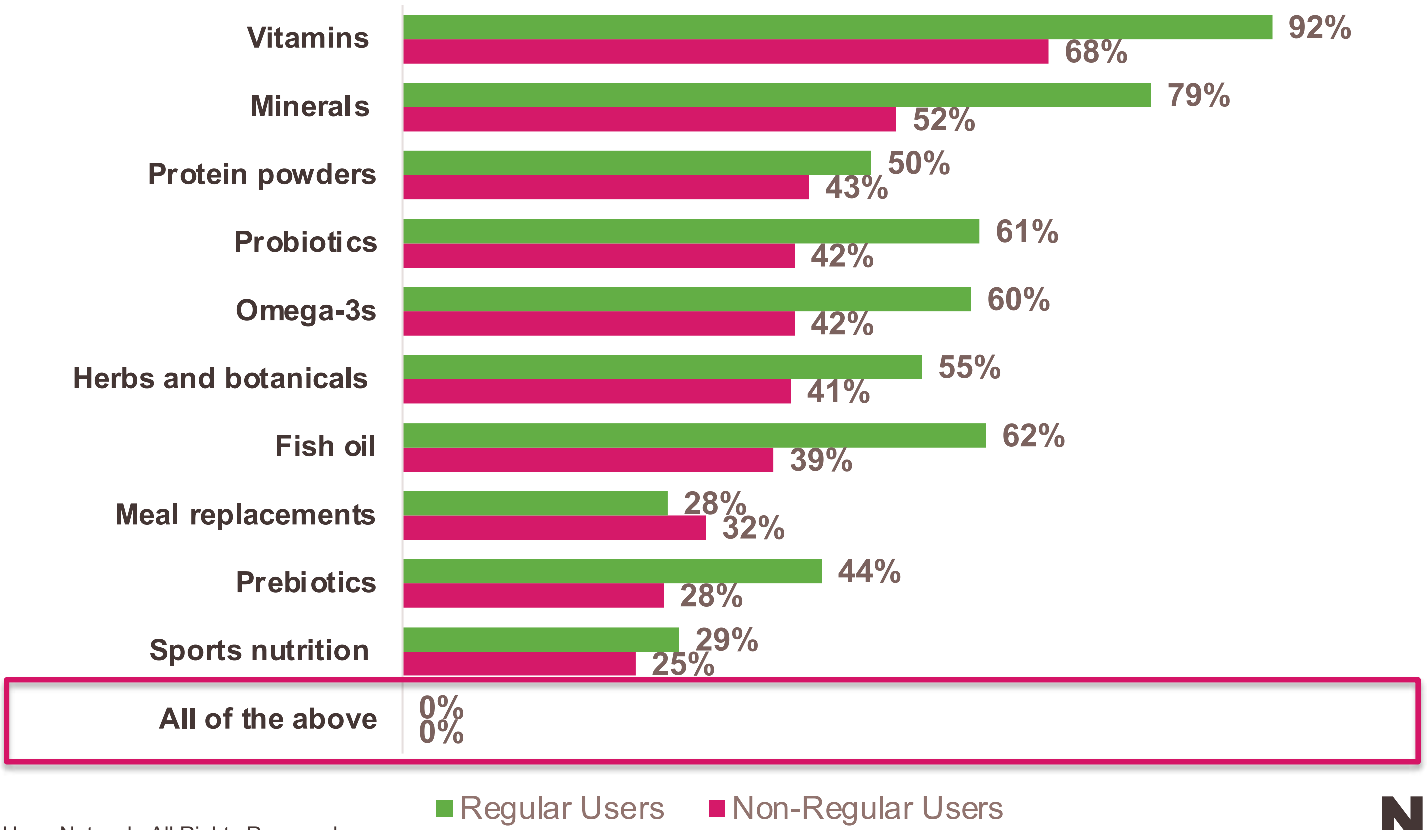
Q16: For each of the following, please indicate how true you believe each statement is, where 1 means "completely true" and 5 means "completely false."

Non-regular users seem to approach supplements like they are pharmaceuticals, but should they?



Q22: How do you primarily learn about supplements? Select all that apply.
Q23: Of the sources you mentioned, which do you trust the most? (select no more than 3)

Consumers don’t think about supplements the way that we do.



Q6: Which of the following would you consider to be a dietary supplement? Select as many as apply.

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Addressing these challenges requires a new communications approach.

Radicle Science researched one of these opportunities.

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Clinically Proven:
Research reveals the ***power phrase*** *reshaping consumer purchasing*

Pelin Thorogood M.Eng, MBA
Co-founder, Executive Chairwoman

Dietary supplements have a *trust* problem…

More so than ever before, **product claims** are met with:

- Increasing **consumer skepticism**
- Mainstream **media accusations**
- Seeming **absence of scientific evidence**
- Rampant **fraud, fake, & counterfeit issues**
- Tightening regulations and **enforcement around claims**


The New York Times

How Fake Science Sells Wellness

Dubious claims in product marketing are everywhere. Don't fall for them.

Share full article 636

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How can we solve this problem?

Making a "clinically proven" claim is among the highest forms of validation

How?
Prove your product performs significantly better than placebo in high quality human clinical trials, compliant with FTC and FDA regulations

What does “clinically proven” achieve?

- Safeguards companies from **reproach by the media, litigators, and regulators**
- Enables companies to **rise above competitors**
- Justification for **commanding a market premium**
- Gains **consumer trust**

This made us think … *what if* we could study the consumer psychology around *"clinically proven"* purchasing decisions?

Radicle Science teamed up with the **University of California San Diego (UCSD)** on a large scale consumer perception study.

Research Objectives

1. Explore factors affecting **consumer purchase decisions for dietary supplements**.
2. Test the hypothesis that **strong effectiveness claims would increase consumer intent to purchase and/or pay a premium**
3. Shed light on the **consumer perception of "clinically proven" claims** and the value of clinical research and strong claims in consumer purchasing behavior of supplements.

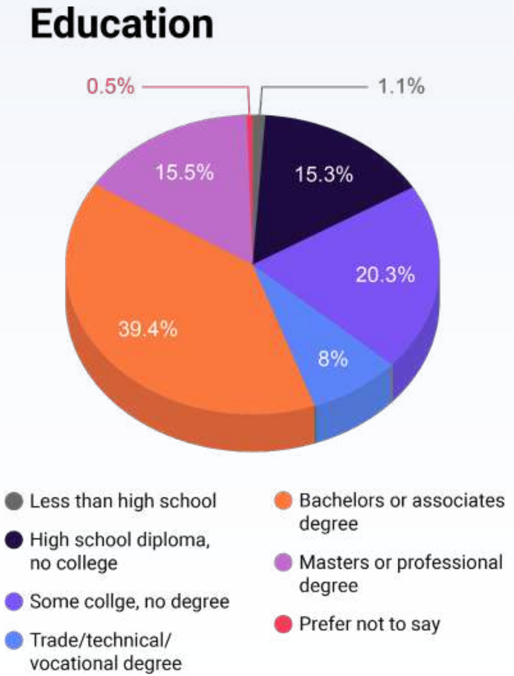
Demographics we studied

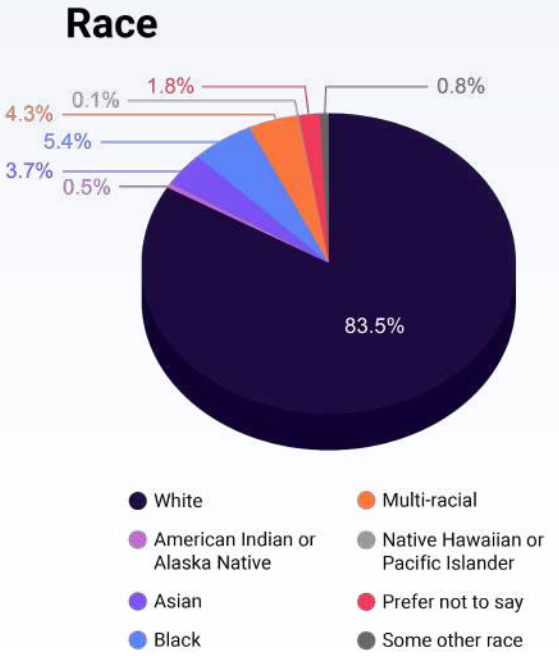
Online survey

Large sample (N=1,231)

Roughly **equal numbers of men and women**

Well-distributed across age groups from 18 to 65 and over.





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Question #1

Does the **“Clinically Proven”** claim significantly increase a consumer's intent to purchase?

Q **Assuming you are feeling stressed, which of the following vitamin/dietary supplement products are you more likely to purchase?**

Bottles shown were identical in appearance and carried either the **“reduces stress,” “clinically proven to reduce stress, ”** claim on the label.

Based on their responses, participants were categorized:
“Not likely to purchase”
“Neutral”
“Likely to purchase”

The odds of being “Likely to purchase,” relative to being “Not likely to purchase,” were then **compared across product groups**.

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Finding #1

Those who saw the bottles carrying the additional “clinically proven” claim had approximately **two-fold greater odds of being “Likely to purchase,”** relative to those who saw the bottles that only carried the “reduces stress” claim.

This difference was statistically significant.

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Question #2

Does “Clinically Proven” significantly increase **the amount consumers are willing to pay for a product?**

Q **Assuming you are feeling stressed, what is the maximum amount you would be willing to pay for a supply of the vitamin/dietary supplement below?**

Each respondent was once again shown the product to which they were randomized, and **asked to provide the amount of money they were willing to spend** ($0-$100, on a sliding scale), assuming they were feeling stressed.

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Finding #2

The addition of the “clinically proven” claim on a product label **significantly increased the $ amount respondents were willing to spend.**

Those who saw the labels containing the “clinically proven” claim were willing to **spend approximately $5 more** for their product, on average, relative to those who saw the labels that only carried the “reduces stress” claim.

This is equivalent to **least a 20% increase** in the price participants were willing to pay compared to those who were shown the label without the “clinically proven” claim.

This difference was statistically significant.

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Question #3

What factors do people value when purchasing a dietary supplement?.

Q **When deciding whether to purchase a vitamin or a dietary supplement (e.g. melatonin, Omega 3), what factors are most important in making your decision?**

Subjects were given 7 factors as options and asked to rank the options from most to least important when purchasing

The factors are presented in **random order.**

option	content
A1	Whether the product has been tested to be free of contaminants
A2	Whether the product taste/smell is acceptable
A3	Whether the product is organic
A4	Whether the product has good user reviews
A5	Whether the product has been proven effective in clinical trials
A6	Whether the product has been recommended by someone I trust
A7	Whether the product uses ingredients I recognize

Finding #3

"Clinically proven," "Tested for contaminants," and **"Good user reviews"** were the top factors* that influence intent to purchase.

#1 "The product has been **proven effective in clinical trials**" **(76%)**

#2 The product has been **tested to be free of contaminants**" **(52%)**

#3 "The product has **good user reviews**" **(50%)**

#4 "Whether the **product uses ingredients I recognize**" **(43%)**

#5 "Whether the **product has been recommended by someone I trust**" **(37%)**

#6 "Whether the **product taste/smell is acceptable**" **(27%)**

#7 Whether the **product is organic**" **(15%)**

*Respondents ranked 7 factors in descending order in terms of their importance when purchasing a product (1 being most important). Based on the frequency of appearing in the top 3 rankings, the above represent the most influential factors respondents identified.

Conclusion

Consumers are more likely to purchase - and pay more for - products with labels that contained the phrase 'clinically proven.'

Next Steps

Next up, we are partnering with UCLA psychology and marketing researchers

SURVEY GOAL:

Assess consumer perceptions on implicit claims made by commonly used phrases and branding on supplement product labels.

Objective 1: To assess whether certain express claims (‘science-backed formula’; ‘clinically proven ingredients’; ‘Dr-formulated’) imply the product has clinically proven effects.

Objective 2: To determine whether the addition of medically-related product branding impacts the likelihood that these phrases will be interpreted as the implied claims.

Stay tuned for more!!

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“***Thinking again*** can help you ***generate new solutions to old problems*** and ***revisit old solutions to new problems***. ”

– Adam Grant

History's first Proof-as-a-Service company, enabling supplements to clinically prove their true effects beyond placebo

Rigorous proof generation at unprecedented affordability, speed, and scale

Discover Radicle Science for Yourself

We invite you to participate in our blinded, placebo-controlled, virtual clinical trial of **non-caffeinated** energy products.

1. **Swing by our booth (#2665) to sign up** and receive a study product
2. **Complete the trial virtually** from your phone

By participating, you'll:

- ✓ **Experience** what it's like to be in a rigorous clinical trial
- ✓ **See if these products work for you**
- ✓ Help uncover the true effects of these products and **contribute to science**.

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What further can be done to address these gaps and convert them into industry opportunity?

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Re-evaluate how we inform and engage.

Are we meeting them where they are?

- The touchpoints that companies have the most control over are not top-of-mind, and not well-trusted.
- Consider whether your marketing efforts are pointed at where they're looking, and if your products are where consumers expect to buy them.

Are we giving them the info they need?

- It's worth looking into where we can improve how, and what, information we give consumers about: what's inside the bottle, what it's for, and how to get the value they need out of using the product.

Is "supplement" even the right word?

- Non-regular users often don't think of our industry's products as supplements.
- It's worth exploring deeper into what language they do use, and how we can tailor positioning and messaging to better match their mindset.

Reframing the conversation.

Do we need to think beyond problem-solving?

- Non-regular users may be researching supplements as if they were medicine and comparing them against pharmaceutical solutions.
- Consider how we more-effectively encourage a “gardener mindset” when it comes to supplements, rather than a “mechanic mindset.”

Is it really about cost, or actually about value?

- Consumers who cut back on supplement use often frame it as a cost-driven decision.
- Consider whether that means we need to focus on reducing costs/prices, or helping consumers understand and receive their full value.

Do we need to think more about personalization?

- Personalized service is a key value-add with smaller/boutique retailers. Consider what the industry can learn from them.
- As the conversation around personalized medicine grows, there’s an opportunity to see if there’s a market for personalized formulations.

Opportunities to pursue: Clinical research and science-backed formulations as a primary driver.

Key Opportunity #1	• Closing the knowledge gap - Make this an industry priority
Key Opportunity #2	• Reach underserved markets - Know your why and target your target customer
Key Opportunity #3	• Demonstrate value - Help consumers better understand dietary supplements
Key Opportunity #4	• Focus on efficacy and safety – Educate consumers about science

Inside the Bottle

New Hope Network Natural Products Insider

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Thank you

For inquires about research and Inside the Bottle contact:

Pelin Thorogood
Co-founder & Executive Chair
Pelin@radiclescience.com
radiclescience.com

Francine Schoenwetter
Director Content Marketing, SupplySide
Francine.Schoenwetter@informa.com

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