THE CONSUMER SELF-CARE EXPLOSION: IMPLICATIONS AND OPPORTUNITIES FOR WELLNESS & TREATMENT PRODUCTS

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Introduction

Prior to the pandemic, IRI had already observed an increase in consumer self-care behaviors. However, COVID-19 incented even "self-care skeptics" to engage. With more consumers across all demographic and psychographic characteristics engaging in a broad range of activities to take better care of themselves, what does this portend regarding future demand for consumer healthcare products in both wellness and treatment? This paper explores that very question.

What We Know about Self-Care Behavior

IRI has been carefully monitoring consumer self-care habits since 2014. Over the last six years, we have seen an evolution and **broadening** of actions that consumers have adopted in varying degrees to take better care of themselves. In particular, the 2020 pandemic intensified the resolve of most all consumers to do something to care for themselves. Table 1 outlines six themes regarding self-care which emerged from our most recent consumer survey in late 2020. Some themes are quite familiar, but others grew in popularity more recently. All of them, however, blend together to fuel a groundswell of consumers taking ownership and control of their health.

» **Re-emphasizing the basics:** Hygiene, overall body care, treatments when necessary

» **Clean and healthy homes:** No longer do homeowners rationalize that a little dust or messiness is the badge of a busy life. Super clean and sanitary is in vogue, yet mindful of sustainability.

» **Better and enough sleep:** Increasingly, consumers are realizing that sufficient sleep is essential to maintaining good health and achieving life's aspirations.

» **Rise in recognition of mental health needs:** Consumers are more open to discuss struggles with and ways to manage anxiety, depression, anger, etc.

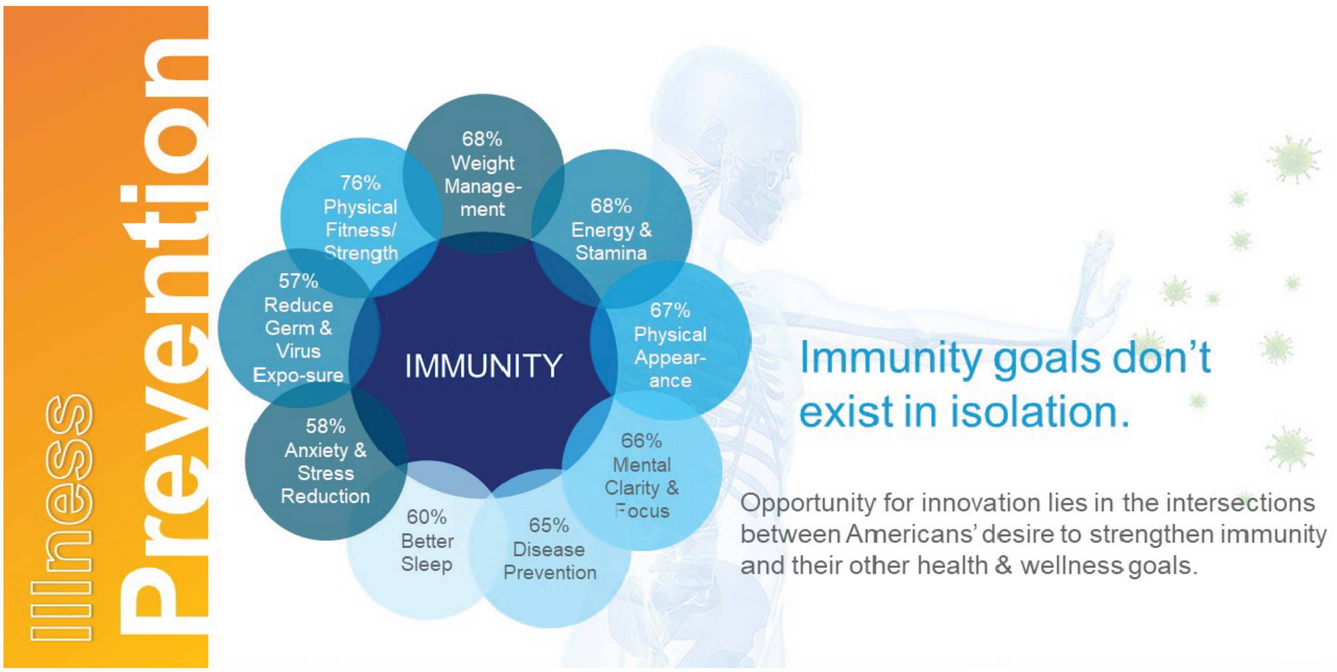
» **Prevention is mainstreaming:** Consumers are realizing that avoiding illness and injury while attempting to steer clear of the often expected diseases of aging is possible. Supporting immunity is a particularly strong pillar in this type of behavior.

» **Diet and exercise:** The mainstays continue to be important, with nuances favoring plant-based diets and sustainability.

Table 1

Perhaps the most telling observation that both IRI and Kline have made in studying consumer behavior with respect to health for decades is that **immunity support** seems to be the foundational goal. While we see the connection between a strong immune system and prevention, in truth, consumers are attempting to reach immunity goals by taking action across all six themes, noted above. Table 2 illustrates immunity as one of, often-related, consumer self-care goals.

Table 2



But are all consumers exhibiting the same behaviors at the same level of intensity and in the same combinations? Hardly. It's part of human nature to see varying commitments to most anything, including self-care. We see that most consumers (93%) view health and wellness as a priority to a degree, based on their responses to our survey (as shown in Table 3).

Table 3

28%	41%	24%	7%
AVID H&W PRIORITIZERS **It's a top priority.** I do something to support or enchance my health & wellness most days.	**REGULAR H&W PRIORITIZERS** **It's a priority.** I maintain a regular health & wellness practice of some type several days a week.	**OCCASIONAL H&W PRIORITIZERS** **It's an occasional priority.** My focus on health & wellness ebbs and flows.	**Not a priority.** No intentional focus on H&W

The behaviors generally range from avid enthusiasts who prioritize health and wellness daily to the minority for whom health and wellness are not priorities. Each consumer group approaches taking care of themselves differently and with varying degrees of passion and intensity, which leads to very different choices in self-care products to assist in their endeavors.

Theoretically, is it possible for self-care enthusiasts to do such a great job of taking care of themselves that they'll almost never engage in the healthcare system? Will they almost never need any products to treat any ailments because they are just ALWAYS HEALTHY? Not likely… but you see where we're going with this. In theory, if more consumers eat better, exercise more, get enough restorative and restful sleep, and stay mentally balanced, might they reduce consumption of certain OTCs or dietary supplements? Or might they actually engage in greater use of OTCs, supplements, and self-care devices in their quest for personal wellness? We think it's likely to be a bit of both.

According to CVS Health's *Health Care Insights Study* 2021, the pandemic has accelerated consumers' willingness to engage with healthcare differently and in a more meaningful way through a myriad of resources including virtual office visits, telemedicine, local pharmacies, and health clinics. The types of healthcare providers consumers trust and turn to regularly are also more varied than before the pandemic and include primary care physicians, nurse practitioners, pharmacists, physician assistants, and registered nurses. CVS also notes that consumers are more informed and shop around based on the cost of service for healthcare and are apt to use virtual tools to manage their care including apps, telemedicine, wearables, and virtual office visits, all of which have improved consumers' access to healthcare. These shifting trends could serve as a conduit for self-care products to help play an important role in maintaining wellness and treating minor ailments.

The Self-Care Behavior Continuum: Where Do OTCs and Supplements Fit In? Everywhere!

As IRI and Kline have observed in our research, the self-care behaviors exhibited by consumers cover a broad range of activities and employ many "tools," including OTCs, dietary supplements, and devices of all kinds — from adhesive bandages to thermometers, heating pads, food/diet, and more. We see self-care behavior across a continuum starting with wellness and maintaining good health on one end of the spectrum to needing doctor and hospital care on the opposite end of the spectrum, as noted in Table 4.

Table 4: Consumer Self-Care Objective Continuum

	Actions Taken						
Objective	Be well/stay healthy/prevention	→	Resolve occasional self-limiting conditions, ailments, bruises, etc	→	Seek medical advice from telemedicine/retail clinic	→	Go to doctor or hospital
Behaviors	• Healthy diet • Execise/sports • Sleep enough • Good oral care/hygiene	→	Self-diagnose problem • Self-select solution/ treatment	→	Unable to self-diagnose • Determine need for Rx medicine or more self-care	→	Contract severe condition
CHC and Other products used	• Oral care • Dietary supplements • Selected OTCs • Devices: technology, sanitary protection, wearables		• OTCs • Dietary supplements (esp. for sleep, mental wellness, energy) • Devices (Band-Aids, heating pads, etc.)		• Rx meds • OTCs • Selected supplements		• Rx meds • Surgery • Rehab • OTC meds • Supplements

CHC= Consumer Health Care

NOTE: Objectives tend to vary by age of consumer

The great news is that OTC medicines and dietary supplements, as well as healthcare devices, are used by consumers at all stages or degrees of self-care. In fact, overall, we believe that, try as they might, even the most self-care-focused consumers are likely to succumb to a cold virus, upset stomach, allergy, or pulled muscle every now and then. Besides, this most self-care aware and intense group will actually use certain OTCs and dietary supplements and devices to achieve and maintain their desired

> We see the current climate-for self-care as a demand-driver for increased OTC and supplement usage.

state of health. And the consumers who fall into the other segments based on the self-care lens are even more likely to use OTCs and supplements.

Is the picture for self-care items really that optimistic? Well, there could be a few landmines to navigate, but those landmines would likely be caused by continued, extreme behaviors by consumers. For instance, during the pandemic, we saw a few examples of demand killers for certain self-care products tracing to extreme behavior changes by consumers. Perhaps the best example is the dramatic decline we saw in sales of cough & cold products during the back half of 2020 due to widespread social distancing, decreased mobility, mask wearing, hand hygiene, and home schooling. The result was an astonishing flatlining of flu-like symptoms and cough & cold incidence which drove a nearly 30% drop in OTC cough, cold, flu, and sinus product sales versus a year ago. Three more examples were the dramatic decline in sales of motion sickness medicines, lip care, and anti-lice preparations. Why? No travel; reduced foot traffic at retail which curtailed impulse purchase as the register; and kids largely not in school or at camp for most of 2020. Since we do not believe quite the same level of masking, social distancing, lack of travel and virtual classrooms will prevail in 2021 and forward, we anticipate that demand for OTC items will eventually normalize, or even grow to meet the needs of a newly self-care and wellness-obsessed consumer, assuming we do not suffer from another serious wave of coronavirus.

Self-Care Shelf Aligning With Consumer Behavior

So we have established consumers' penchants for self-care will drive demand for not only traditional treatment-type OTC medicines but also dietary supplements and healthcare devices of all kinds —from thermometers to smart watches. But there are a few other trends that IRI and Kline have written about in prior papers which continue to shape the environment for consumer healthcare products: "natural" and shopping by need state. We picked up signals of both trends in our recent self-care research and find that they not only continue to appeal to consumers but are influencing retailer merchandising as well.

There are a number of examples of consumer healthcare categories where preventive and natural products are placed alongside treatment-focused products within the category assortment on shelf. For example, the digestive health category has been impacted significantly by the popularity and regular use of probiotic supplements and drinks. Consumers have embraced these products and understand that a healthy gut often translates to better immunity and overall health. Therefore, category assortments often now include probiotic brands being sold in the same section as laxatives. In the sleep category, melatonin and natural brands are in the same section as pain + sleep brands and nonprescription sleep medications. The same phenomenon is seen in the cough and cold aisle where vitamin C and zinc brands are shelved next to nonprescription decongestant and symptom-relief products.

On the Horizon

Since **improved immunity** is a health goal for most consumers, successful self-care marketers will offer products that help consumers achieve that goal. We have seen consumers embrace daily regimen products such as immune support supplements and probiotics and, in some cases, consumers use those same products with increased frequency or dosages when they are sick. Advanced marketers will try to capitalize on the trend that consumers have embraced of taking **regular, daily regimen products for wellness.** We expect to see the following trends continue to play an important role in the consumer self-care space:

- **Immunity** will continue to be **important seasonally if not year-round.**
- Marketers should help consumers **simplify and foster daily health regimens** aimed at wellness
- **Treatment OTCs** will continue to be viewed and needed as necessities at times and possibly, **even alternatives to doctor care.**
- The recent economic bifurcation of consumer purchasing power created by the pandemic will apply to self-care setting up **demand for both value and premium products.**

Given the broad nature of wellness, consumers can easily become overwhelmed by the sheer number of products they may need to take to reach their wellness goals. For example, there are supplements for bone health, gut health, heart health, eye health, joint health, brain health, hair, skin, and nail health, weight management, anxiety/stress, and sleep. But separate products for each of those benefits would amount to a large number of supplements to take each day. **Combination products** that are aimed at consumers' common wellness concerns, with brand names/labeling, marketing, and advertising that clearly communicate health benefits, target specific consumer groups, offered in forms that are easy to take, will resonate with consumers. Any product, device, or delivery system that helps **make achieving health and wellness goals easier and simpler** will be successful.

Consumers are also increasingly interested in the **personalization of healthcare**, as evidenced by the popularity of personalized supplement subscription service companies such as Persona, Nurish by Naturemade, and Care/of, which Bayer recently acquired. These services charge a premium for taking the guesswork out of supplement management and personalizing products and dosages for consumers. This appeals to the highly engaged self-care consumers and could have more widespread appeal as more and more consumers regularly prioritize wellness.

Clearly, there will continue to be consumers willing to pay premium prices for simple and personalized self-care solutions. At the same time, there will be segments of consumers with lesser means, yet strong desires to maintain wellness, who will rely on value brands to do so.

As for traditional treatment-oriented brands, consumers understand that illness and minor aches and pains are inevitable despite their best wellness efforts. Communications connecting trusted OTC brands with keeping families healthy, safe, and well-stocked in the event of illness will continue to resonate. Similarly, marketers of OTCs may be able to successfully position their brands as scientifically proven and more efficacious than plant-based or un-studied supplement ingredients. This will appeal to consumers and their healthcare professionals who understand the difference, thereby positioning nonprescription medicines potentially in a better light.

For self-care solution manufacturers, long-term strategic consumer health business plans should consider the following:

- Diversification of product portfolios to include a mixture of supplements, natural products, and traditional monograph or NDA nonprescription medications to better protect bottom lines from the severity of the ebbs and flows of the market when there are low illness incidence years.

- Balancing the product mix between some regimen, daily-use brands with treatment-specific products

- Varied willingness and capacity of consumers to pay for self-care solutions by offering value and premium-priced items

Such actions can help produce a more predictable income stream and, therefore, more **predictable profits, enabling manufacturers to serve the diverse needs** of their retail partners and ultimately the self-care-focused consumer.

About the IRI/Kline alliance

Information Resources, Inc. (IRI), the global leader in innovative solutions and services for consumer, retail and over-the-counter healthcare companies, and Kline & Company, a global market research and management consulting firm, have established an exclusive alliance to service the worldwide, over-the-counter drug and overall consumer healthcare industries. This powerful alliance will provide a higher level of data accuracy and an unparalleled, global range of thought leadership on stimulating topics in the consumer healthcare space.

As part of this collaborative relationship, IRI will contribute its granular, widely recognized, point-of-sale (POS) market data, related insights, and thought leadership. Meanwhile, Kline will provide its unmatched historical database, global network, and 360-degree view of the complex OTC drug market, including its comprehensive channel coverage and vast expertise in Rx-to-OTC switches.

The collaborative thought leadership will manifest through white papers like this one on such topics as Rx-to-OTC switch, merger and acquisition activity, and new product innovation, as well as trends and issues in international and emerging markets within the OTC drug industry.

About IRI

IRI is a leader in delivering powerful market and shopper information, predictive analysis, and the foresight that leads to action. IRI goes beyond the data to ignite extraordinary growth for clients in the CPG, retail, and especially in the OTC healthcare industries by pinpointing what matters and illuminating how it can impact their businesses. The firm’s continuing research of self-care behaviors has led to the development of a Self- Care Consumer Segmentation which is available for targeting further research and activation. Experience the power of IRI’s mantra “Growth Delivered” at IRIworldwide.com.

About Kline & Company

Kline is a worldwide consulting and research firm dedicated to providing the kind of insight and knowledge that helps companies find a clear path to success. The firm has served the management consulting and market research needs of organizations in the life sciences, consumer products, agrochemicals, chemicals, materials, and energy industries for more than 60 years.

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