INTRODUCTION

MARKET OVERVIEW
SPORTS NUTRITION'S EVOLVING CONSUMER LANDSCAPE
TRENDS IN PROTEIN PRODUCTS
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Who is Euromonitor International

**Our Services**
Syndicated Market Research
Custom Research and Consulting

**Expansive Network**
On the ground researchers in 80 countries
Complete view of the global marketplace
Cross-comparable data across every market

**Our Expertise**
Consumer Trends & Lifestyles
Companies & Brands
Product categories & Distribution channels
Production & Supply Chains
Economics & Forecasting
Comparable data across markets
INTRODUCTION

Euromonitor International network and coverage

12 OFFICE LOCATIONS
London, Chicago, Singapore, Shanghai, Vilnius, Santiago, Dubai, Cape Town, Tokyo, Sydney, Bangalore, and São Paulo

80 COUNTRIES
in-depth analysis on consumer goods and service industries

+ 210 COUNTRIES
demographic, macro- and socio-economic data on consumers and economies
Definitions

- All values expressed in this presentation are in US dollar terms, using a fixed 2013 exchange rate, excluding exchange rate effects.
- All values are expressed in constant terms, excluding inflationary effects.
- 2013 figures are based on part-year estimates.
- Review period: 2008 to 2013
- Forecast period: 2013 to 2018
- RTD: Ready-to-drink
- Bars and RTD must contain 20g protein
Global sports nutrition product sales

Sports Nutrition US$8.8 billion

Protein Products US$7.3 billion
- Powder US$5.6 billion
- Bars US$837 million
- RTD US$766 million

Non-Protein Products US$1.6 billion
The global “sports food” universe

“Sports Foods” – US$60 billion

Soft Drinks
- Energy Drinks US$27.6 billion
- Sports Drinks US$18.7 billion

Consumer Health
- Sports Nutrition US$8.8 billion
- Protein Supplements – US$2.1 billion

Packaged Food
- Energy and Nutrition Bars US$2.9 billion*

*Excludes sports nutrition protein bars
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MARKET OVERVIEW

Protein products dominate sales globally

- Traditional protein powder account for the lion’s share of global category sales
- Protein is the most accessible and understandable sports nutrition ingredient
- Non-protein products are beloved by the core users, but can be a harder sell for casual users
The United States dominates the global market

- The United States accounts for over 60% of global sales
- American consumers are open to supplementation and increasingly invested in fitness
- US benefits from high incomes, lax regulations, and world-class fitness and athletics infrastructure
Canada is a leading global market

- Canada is the world’s sixth-largest market, despite a population of only 35 million

- Value sales are expected to grow by over US$40 million to US$234 million through 2018

- In addition to sophisticated domestic producers, Canada benefits from direct investment by top US producers
MARKET OVERVIEW

Highly developed markets lead in consumption

- Consumption of sports nutrition is highest in the most developed markets
- Sporting culture and supplement regulation play a considerable role in usage
- High price points are a barrier to experimentation in low-income markets
- Institutional sales (not tracked) are considerable in some developing markets

Per Household Consumption (US$, RSP) by Market, 2013

- Australia
- USA
- Norway
- Sweden
- New Zealand
- Finland
- United Kingdom
- Canada
- Hong Kong, China
- Denmark
- World Average

US$ per household
Rapidly evolving retail landscape

- Consumer base expansion is pushing the category into more mass retailers

- Retailing landscape can vary widely by market and is heavily impacted by regulation

- Grocery channels are poised for strong growth, as more producers tailor products to the channel

Sports nutrition products in a Mariano’s supermarket in the United States. Some large supermarket/hypermarket chains like Tesco in the UK have even launched their own private label sports nutrition offerings.
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The consumer base is becoming broader and more segmented

- “Core users” no longer dominate sports nutrition sales
- Evolving fitness trends are driving more consumers to supplementation
- General health & wellness brands are bringing in more “image users”

| Health & Image Users | • Brand conscious  
|                      | • Experimenters |
| Casual Users         | • Marketing conscious  
|                      | • Convenience focused |
| Core Users           | • Consistent purchasers  
|                      | • Highly critical |
SPORTS NUTRITION’S EVOLVING CONSUMER LANDSCAPE

Different users gravitate to different products and positionings

**Core Users**
- Cutting edge formulations
- Low cost-per-serving concentrates

**Casual Users**
- Convenience formats
- Recognizable ingredients

**Health & Image Users**
- Health & wellness trends
- Active lifestyle branding

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Sports nutrition pushes to close the gender gap

**Targeting Her**

- Satiety/weight management remain key
- Functional fitness trend is increasing demand
- Lean muscle maintenance over muscle gains

“Diet proteins” with weight loss ingredients like CLA, green coffee extract, etc. have been gaining steam

Established sports nutrition brands are increasingly investing in female brand extensions. Photo: Muscle Pharm’s FitMiss line
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Protein powder is becoming much more multifaceted

- Whey’s legacy “premium” positioning still appeals strongly to less sophisticated consumers
- Core users are increasingly opting for sustained-delivery protein blends
- Trickle down effect (core to casual users) could see blends gain mass acceptance
- Lifestyle users are clamouring for health & wellness trends: free-from, non-allergenic, plant-based, etc.

While whey isolate has largely retained its premium aura, core users are increasingly adopting blends, which promise longer-lasting protein absorption. Recent Glanbia acquisition Isopure (left) is promoted as a premium, mass-facing product, whereas Gaspari MyoFusion’ Elite (right) is a multi-protein blend targeting core users.
Plant based proteins poised for success

- Straddle the line between sports nutrition and general nutrition
- Companies are aggressively courting health & wellness users
- Free-from, sustainability and animal welfare are unique selling points
- Premium prices will be a hurdle in the short term

Canada’s Vega Sport is perhaps the most prominent plant-based brand in the large North America market, while Canadian producer The Winning Combination produces non-soy Vegan Protein, which straddles the line between sports nutrition and standard protein supplements.
RTD’s leading the way for convenience formats

- Convenience formats will benefit the most from protein’s health halo
- RTD sales doubled from 2008 to 2013, are expected to top US$1 billion in 2016
- Protein bars are adopting lifestyle branding to compete with packaged foods offerings

[Graph showing “Convenience Format” Sales (US$, RSP), 2008-2018]
Are packaged foods a long-term threat?

- Protein’s “food-ish” image has buffered it from the whole foods trend to date
- Some brands are actively positioning themselves against supplements
- Consumer awareness of recommended intake could pose a long-term threat

With the high-protein and added-protein trends in full swing, packaged foods could pose a long-term threat to concentrates, especially among the less price-sensitive image users.
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The global market for non-protein products

- Appeal more strongly to core users, though casual user adoption is growing

- Sales expected to grow by nearly US$500 million to US$2 billion in 2018

- Relative popularity relies on local regulation and sporting cultures
TRENDS IN NON-PROTEIN PRODUCTS

Product diversification and blurring lines

- Consumers increasingly exploring beyond all-in-one pre-workout supplements

- Amino acid products are gaining steam and have real potential in the hydration space

- There is a blurring of the lines between sports drinks/energy drinks and non-protein products

![Products like nuun hydration tabs are blurring the lines between true sports nutrition and soft drinks categories like sports drinks and energy drinks.](image)

MusclePharm’s Amino 1 intraworkout product claims to rehydrate better than water or Gatorade, due in part to its inclusion of coconut water extract.
Convenience formats abound in non-protein products

- Non-protein products have been ahead of the game in format experimentation
- The rise of endurance sports/activities have benefitted gels and chews
- Brands could cash in on the popularity of the shot format

Leading Non-Protein Convenience Formats

- Gels
- Chews
- Sachets
- Shots

Gels have become arguably the most popular convenience format among non-protein products, due in large part to the renaissance in running in large markets like the US and Canada.
As clean labels become the standard, are open labels next?

- Non-protein products were long been a breeding ground for formulation malfeasance

- Third-party, banned-substance-free certification has become a de facto standard for major brands

- Open labels are opting for non-proprietary blends and complete ingredient break-outs

Producers are responding to greater demands for formulation transparency by opening up their proprietary blends

Banned-substance-free is an increasingly important quality badge
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Key takeaways

Growth is truly global

- The US plays an outsized role in the industry’s development
- There are large and rapidly growing markets in every geographic region

Consumers are rapidly segmenting

- New consumers and new need states are redefining the market
- It is possible to target multiple demographics without losing credibility

Promote functionality

- New exercise concepts are changing how consumer think of “fitness”
- Cross-functional products appeal most to the active nutrition set

Education remains key

- Consumer interest in ingredients, formulations and brand stories is growing
- Education can promote connection to a brand and justify higher prices
Global sports nutrition forecasted growth

Global Sports Nutrition Sales (US$, RSP), 2013-2018

- Powder
- Non-Protein Products
- RTD
- Protein Bars
- Other Protein

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Chris Schmidt – Consumer Health Analyst
Chris.Schmidt@Euromonitor.com

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