

Sector Opportunity

Nutraceutical Market Report

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Sector Opportunity: Nutraceutical Industry Growth Due to Demand for Preventative Health Products

The Nutraceutical Market

The nutraceutical industry has been growing at a robust rate thanks to a growing interest in self-care as healthcare costs have risen. The pandemic has also spurred sales of dietary supplements such as multivitamins. Globally, the preventive healthcare technologies and services market is estimated to reach \$432.4 billion by the end of 2024, according to a Grand View Research, Inc. report.¹ The firm found that the key factors driving the market expansion include the growing awareness of self-care measures, which, in turn, helps to boost nutraceutical sales.

Nutraceutical use is growing as consumers learn how nutraceuticals and supplements can benefit their health. The products can also assist in coping with health problems such as obesity, heart disease, cancer, high cholesterol, arthritis, and diabetes.

Although the industry term nutraceuticals may not be widely known, most people know and have used products in the underlying product categories, including herbal products, specific diet products, vitamins, processed foods and beverages, functional foods, isolated nutrients, and other dietary products.

In 2022, the United States continued its leadership in the nutraceuticals industry, with a 23.4% global market share, underpinned by its robust research and development capabilities, according to Future Market Insights. The company forecasts that the global nutraceuticals market will likely climb from \$418 billion in revenues in 2023 to \$703 billion by 2033; in the coming decade, sales will grow at a compound annual growth rate (CAGR) of 5.3%.

The total U.S. nutraceutical market is valued at \$112.6 billion in 2022, according to Global Industry Analytics Inc.

Within nutraceuticals, the dietary supplements segment had the largest market share, with 30% of revenue in 2019, according to the Gitnux market data report for 2024. Functional food is the fastest growing segment with a CAGR of 8.6% (Gitnux predicts the functional beverage segment will expand by an 8.5% CAGR in the next 20 years). Functional food's global market was an estimated \$187.39 in 2019. Other popular segments include protein and peptides, omega-3 and probiotics.

Countries with projected robust growth in nutraceutical usage in the next decade include the United Kingdom, with an estimated CAGR of 7.8%, driven by increasing consumer awareness of health and wellness, along with Japan, India, Germany, and China. China's nutraceutical market is forecasted to grow at a CAGR of 6.5% in the coming decade, boosted by strong demand for dietary supplements,

¹ Preventive Healthcare Technologies and Services Market Worth \$432.3 Billion By 2024.

<https://www.grandviewresearch.com/press-release/global-preventive-healthcare-technologies-and-services-market>

according to Future Market Insights. Gitnux estimated that the nutraceutical markets in China and India will grow at CAGRs of 12.86% and 16.21%, respectively, from 2020 to 2046.

Another recent driver of dietary supplements was the public health crisis caused by the COVID-19 pandemic. Due to fears about COVID-19 vaccines and their low supply in many regions of the world, interest grew in using dietary supplements as alternative means of protecting against and treating COVID-19, as well as boosting the immune system and minimizing the risk of inflammation, according to an academic paper, "A Global Overview of Dietary Supplements: Regulation, Market Trends, Usage during the COVID-19 Pandemic, and Health Effects." The researchers discovered that during the pandemic, there was a 40% increase in the consumption of vitamin C and an 82% spike in the use of multivitamins.

The Nutraceutical Market

Nutraceuticals are intended to improve longevity, sports fitness and provide health benefits in addition to the basic nutritional value present in food. Nutraceuticals can also be considered "non-specific biological therapies to promote well-being, control symptoms and prevent malignant processes," according to Dr. Tomislav Meštrović, or have a physiological use or protection against chronic disease. Functional foods have a potentially positive effect on health beyond essential nutrition. A familiar example of functional food is oatmeal because it contains soluble fiber that can help lower cholesterol levels. Some foods are also modified to increase their health benefits; for example, orange juice fortified with calcium for bone health.

The term nutraceutical was coined about 35 years ago by Dr. Stephen DeFelice, who combined nutrient and pharmaceutical. DeFelice was the founder and chairman of the Foundation for Innovation in Medicine (FIM) in Cranford, NJ. Dr. DeFelice defined nutraceutical as "a food (or part of a food) that provides medical or health benefits, including the prevention or treatment of disease."

Nutraceuticals offer benefits in the prevention and treatment of various diseases. With an increasing number of lifestyle-related health problems, nutraceuticals have become an essential dietary component for many consumers. Vitamins, minerals, fatty acids, prebiotics, probiotics, and herbal supplements are now widely consumed worldwide for preventive and therapeutic purposes.

Examples of Nutraceuticals:

- Carotenoids, such as lycopene
- Dietary enzymes, such as papain and bromelain
- Hydrolyzed proteins
- Mineral supplements
- Phytonutrients, such as resveratrol
- Prebiotic and probiotic supplements
- Dietary fiber supplements
- Vitamin supplements
- Herbal products such as echinacea, ginger, garlic, ginseng, onion, licorice root, and turmeric

Nutraceuticals may control symptoms, reduce the risk of chronic disease, aid in treating disease, and promote well-being. Some nutraceuticals may assist in alleviating joint and spine problems, such as chondroitin sulfate, fish oils, glucosamine sulfate, and Boswellia, an herb.

Increasing Awareness of a Holistic Medical Approach

Almost 50% of Americans report using at least one prescription drug in the past month,² and many are interested in migrating to a more holistic approach. The most frequently prescribed therapeutic drug classes are analgesics, antihyperlipidemic agents (acting to prevent or counteract the accumulation of lipids in the blood), and antidepressants.³

In addition, scientists have studied several natural compounds as treatments for cancer: vitamin E, selenium, vitamin D, green tea, soy, and lycopene, which are also widely studied nutraceuticals for human health. Other substances include omega-3 and omega-6 fatty acids (part of polyunsaturated fatty acids or PUFAs), and phytochemicals are crucial as healthy dietary bioactive compounds. Researchers have also examined phytochemicals (bioactive, non-nutrient plant compounds) for human nutrition because of their potential effects as antioxidants, anti-inflammatories and anti-carcinogens.

Nutraceutical Industry Drivers

The nutraceutical industry has experienced significant growth globally, propelled by the increasing age expectancies and associated increases in diseases of aging and lifestyle. A shift in demographics has also allowed manufacturers to benefit in recent years.

Aging Population

The U.S. population is aging as the baby boomers approach retirement age (baby boomers are U.S. citizens born between 1946 and 1964). Using U.S. Census data, the Pew Research Center estimated a U.S. boomer population of 72 million in 2019.⁴ By 2060, that cohort should grow to 95 million, according to the Census Bureau's Vintage Population estimates. The generational cohort's share of the overall population is also projected to increase, from 16.0% in 2018 to 23% in 2060.⁵

Popularity of Supplements

Moreover, the Council for Responsible Nutrition (CRN) 2023 Consumer Survey on Dietary Supplements reported that 74% of U.S. adults take dietary supplements, and 55% of respondents qualify as "regular users."⁶ CRN is the leading dietary supplements and functional food industry trade association. According to a new question in the 2023 survey, 92% of users agree that dietary supplements "are essential to maintaining their health."

² Therapeutic Drug Use. Centers for Disease Control and Prevention (CDC).

³ Ibid.

⁴ Richard Fry. Baby Boomers are staying in the labor force at rates not seen in generations for people their age. Pew Research Center. July 24, 2019.

⁵ U.S. Census Bureau, Population Projections.

⁶ 2023 CRN [Consumer Survey](#) on Dietary Supplements.

Catering to that demand, companies are introducing newer types of nutraceuticals, such as gummies, jellies, and soft gels, whose adoption is gradually increasing. These products are offered in many shapes, sizes, flavors, and concentrations.

CRN found that the top reasons Americans take dietary supplements are for overall health and wellness benefits, followed by energy, 24%; immune health, 20%; to fill nutrient gaps, 19%; healthy aging, 18%; and heart health, 18%.⁷

Regarding the type of supplements U.S. consumers consume, CRN's 2023 survey found that vitamins and minerals are the most commonly consumed supplement category, with 76% of Americans consuming these products in the past year. Other popular supplements are Vitamin D, while probiotics and omega-3 fatty acids are among the most common specialty supplements. Melatonin use, reflecting the demand for better sleep, grew 4% to 17%, while omega-3 fell 4% to 13% in 2023.⁸

The increased demand for nutraceuticals and nutraceutical supplements is raising awareness of their health benefits. As the population of cities has grown worldwide, spending on health-related products has risen as ailments such as obesity and diabetes have become more prevalent.

The unfortunate growth in cardiovascular, chronic, and obesity-linked diseases is the primary driver of the development of the functional food market. Functional foods are rich sources of omega fatty acids, which help maintain weight and control blood circulation.⁹

In addition, the increase in athletes' participation in sports at national and international levels should continue to boost the demand for functional beverages.¹⁰

Nutraceutical Industry Trends

The nutritional products industry is highly fragmented, with a large pool of companies generating less than \$20 million in annual revenues, which represents a significant opportunity for industry consolidation. Some large, nationally known U.S. brands include Nature Made (Pharmavite), Nature's Bounty, GNC, Spectrum (Hain Celestial), Country Life, Garden of Life, and Jarrow Formulas.

Global players include Archer Daniels Midland Company, BASF SE, Cargill, Inc., Danone, DuPont de Nemours, Inc., General Mills Inc., Koninklijke DSM N.V., Nestle S.A., PepsiCo, Inc., and Yakult Honsha Co., Ltd. The sales of products via online marketplace platforms such as Amazon and firms' websites continue to expand.

The market also features many private-label products. Major retailers such as Whole Foods Market, Walmart, CVS, Walgreens, and numerous health stores also sell some nutritional supplements under their private labels. In addition, distributors sell products to health stores and mass-market retailers such as United Natural Foods and KeHE Distributors.

⁷ Ibid.

⁸ Ibid.

⁹ Allied Market Research. <https://www.alliedmarketresearch.com/nutraceuticals-market>¹⁰

Ibid.

Several major pharmaceutical companies continue to offer nutritional supplements in the mass market, including Centrum (Pfizer and GSK) and One-A-Day (Bayer). Pharmaceutical companies also offer prescription and over-the-counter products that are or may be competitive with nutritional supplements, particularly concerning specific categories of products. Finally, the nutraceutical market generally has low barriers to entry, and additional companies may enter the market on a regular basis.

An expanding company in the nutraceuticals market is Florida-based Smart for Life, Inc. (Nasdaq: SMFL). The company develops, markets, manufactures, acquires, operates, and sells a broad spectrum of nutritional and related products with an emphasis on health and wellness. Structured as a global holding company, the company is executing a buy-and-hold strategy. The goal is to generate serial accretive acquisitions to create a vertically integrated company. The objective is to aggregate companies generating a minimum of \$300 million in annual revenues by the fourth quarter of 2026.

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