Taking Charge: Consumers Grabbing Hold of Their Health and Wellness Drives $450-Billion Opportunity
Executive Summary

The rapid rise in U.S. healthcare costs is concerning for many Americans, and downright scary to others. The increase is causing intensifying financial pressures for many, and has driven Americans to take charge of their own health and wellness with a 360-degree approach. As a result, self-care is pervasive and growing, spanning many CPG categories and creating a behemoth $450-billion opportunity.

By definition, self-care includes all decisions people make or activities they participate in to ensure health and wellness for themselves and their families. A focus on staying healthy and avoiding the need for medical care is not new, but today consumers have a wealth of information at their fingertips and a nearly endless array of strategies for getting well and staying well. The CPG industry is central to many of these strategies.

Therefore, self-care has become a disruptive consumer macro trend that is rippling across the industry. CPG brands and retailers must understand how this trend is impacting their own portfolios and channels, as well as those of competitors. To win, marketers must understand—on a very personalized level—what makes their key consumers tick, and then deliver compelling products with personalized marketing strategies. IRI has developed a proprietary Self-Care Segmentation that brings clarity in this complex environment, answering key questions such as:

• How is my brand’s competitive set changing due to self-care behavior, and what’s the best way to protect and grow share in this environment?

• What messaging will best resonate with high-potential consumers of my brand, and how can I make real time adjustments that will enhance sales lift?

• Which self-care segments skew toward my retail banner, and do my shoppers have a propensity for proactive or reactive self-care? How does this compare to my competitors?

47% of millennials and 41% of Gen Xers make every effort to avoid visiting the doctor.
Feeling the Impact in CPG

The rapid escalation of healthcare costs has played a major role in inspiring a strong commitment to self-care in this country. Consumers’ intentional behaviors and purchasing trends have fueled changes across CPG categories and channels. In the food sector, the quest for healthy eating has spurred a steady stream of new ingredients that promise improved, more powerful, “better-for-me” benefits. In personal care and beauty, products that exclude harmful chemicals such as parabens, phthalates and formaldehyde donors have gained traction, and products touting natural ingredients are really hitting the mark—particularly across younger consumer segments. More traditional consumer healthcare segments have seen an influx of food and beverage ingredients and attributes with health and wellness benefits, and an adoption of a wide array of alternative medicines and therapies. Seeking better-for-me alternatives for consumers has fewer boundaries, as evidenced by its spread into home and laundry care, with users seeking not only solutions that offer power and freshness, but also solutions that are formulated with fewer harsh chemicals and irritants.

Certainly advances in technology play a role in the evolution of the self-care industry. Wearable devices and apps, digital treatments and health monitors that allow for the tracking and benchmarking of health-related behaviors have popularized personalized wellness programs and catalyzed the health-and-wellness trend across demographics. Further, the explosion of digital, social and mobile media gives everyone access, providing a near-limitless choice in knowledge, providers and solutions.

Truly Understanding and Embracing Self-Care Positions
CPG Companies to Capture a Piece of the Rapidly Growing Self-Care Pie

Today’s culture includes a near-obsession with the goal of getting and staying healthy. This powerful trend is reverberating across CPG channels and aisles in the form of new buying and consumption habits. As product development and marketing teams have responded, the competitive marketplace has profoundly changed. This ongoing redefinition of the competitive set will accelerate with the rapidly changing consumer demographic landscape. All of this change means the pace is frenetic and showing no signs of ebbing—retailers and manufacturers must keep up or risk missing tremendous growth opportunities.

By having a clear understanding of the evolving self-care marketplace and how consumers with distinctly different and identifiable needs, attitudes, motivations and behaviors view and approach self-care, CPG retailers and manufacturers can capture the opportunity to earn their share of this vast $450 billion self-care marketspace.
Fully Capitalizing on the Self-Care Opportunity Requires a Broad Lens and a Fine-Tipped Brush

The past decade has been marked by a blurring across the consumer goods industry. Eating is no longer a discrete “meal” or “snack” occasion; snacks are regularly taking the place of the breakfast, lunch and/or dinner occasion and meals are commonly consumed as interspersed pick-me-up “smeals.” Food and beverages are regularly purchased outside the traditional grocery store aisles. On the other hand, healthcare needs are often filled within traditional grocery aisles, and increasingly alternative treatments, such as home remedies and homeopathic products, are gaining significance.

Furthermore, consumers are taking a much more holistic approach to their health, catalyzing a blurring across the CPG industry. This is self-care, America’s new norm! Self-care is not necessarily one large action or behavior. It is commonly a series of small, incremental actions and behaviors that accumulate to result in better health and wellness. As consumers look across CPG aisles—and online—for solutions to their many, varied and very individualized needs, marketers and retailers must keep pace. Maximizing the self-care opportunity requires brands and retailers to think outside of traditional and narrowly defined categories and reframe strategic mindsets to understand how each category is interacting within this expanded, benefit-based, solution-oriented marketplace.
Self-care is virtually everywhere, as evidenced by the fact that nearly nine in 10 Americans (88 percent) actively practice self-care and one-third of consumers have increased their self-care behavior during the past year. Whether they make more thoughtful decisions about their food and beverage choices, add in nutritional boosts, subscribe to activity-driving tools or are doing it all, the motivators are many and varied. Their goals are similar, but unique and personal, and include:

- Lessen the effects of getting older—or at least ailments and annoyances that come with it!
- Preventing future illness
- Keeping fit and healthy
- Feeling good about themselves—physically, mentally and emotionally
- Feeling responsible for their health and wellness

While many of these motivations are universal, age certainly defines the role:

- Millennials are more interested in looking good and keeping fit and healthy
- Gen Xers are more likely to focus on managing stress and lessening the effects of aging
- Boomers are more likely to focus on preventing future illness

Consumers often adopt a comprehensive approach to health and wellness, undertaking a variety of activities in conjunction with one another for maximum impact. This surround-sound, solution-oriented approach has resulted in blurring of category lines, leading to an expanded competitive set and a giant self-care market (see Exhibit 1).

**EXHIBIT 1**

<table>
<thead>
<tr>
<th>Self-Care Activities</th>
<th>% Respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Healthcare</td>
<td>90%</td>
</tr>
<tr>
<td>Personal Care</td>
<td>86%</td>
</tr>
<tr>
<td>Food &amp; Beverage</td>
<td>82%</td>
</tr>
<tr>
<td>Exercise</td>
<td>55%</td>
</tr>
<tr>
<td>Sleep</td>
<td>47%</td>
</tr>
<tr>
<td>Natural/Organic &amp; Home Remedies</td>
<td>44%</td>
</tr>
<tr>
<td>Emotional/ Mental Wellness</td>
<td>30%</td>
</tr>
<tr>
<td>Wearable Devices</td>
<td>23%</td>
</tr>
<tr>
<td>Health Devices</td>
<td>21%</td>
</tr>
</tbody>
</table>

Source: IRI 2018 Self-Care Study
Understanding Segmentation Is Critical to Productive Self-Care Performance

To help CPG brands and retailers understand the evolving and complex self-care marketplace and develop effective, personalized products and marketing campaigns, IRI has developed an extensive self-care segmentation. This proprietary shopper segmentation has been applied against the IRI Consumer Network™, adding a critical purchase-behavior perspective. The dataset can be used for a standalone analysis, or overlaid with existing client segmentations to illustrate the breadth of self-care efforts and their impact across CPG aisles. This comprehensive segmentation illuminates market opportunity across CPG aisles—brick-and-mortar and virtual. Tapping into these opportunities, though, requires embracing the individuality that is a hallmark of self-care.

The IRI Self-Care Segmentation clearly illustrates the myriad approaches to health and wellness that exist in today’s marketplace. It features eight distinct segment profiles, offering a multidimensional view of consumers and shoppers, defined by key attitudes and behaviors.

For instance, Proactive Naturals tend to be younger, health-focused and action-oriented. They believe that prevention is better than cure, so they embrace wellness-focused lifestyles that include diet and exercise, homeopathic and alternative therapies, and vitamins and supplements. In contrast, Doctor, Doctor! consumers tend to be older and they face some health challenges. These challenges can be a source of frustration and can feel quite overwhelming. As a result, they rely heavily on doctors and other medical professionals to provide them with the information they need to live well, and they are more prescription-reliant than other self-care segments.

**Proactive Naturals**

“I believe that everything starts with lifestyle. I am totally into healthy eating and exercise. I try and use natural products. I love yoga and meditation, and I’m also really interested in alternative therapies and homeopathic options. I take vitamins/supplements as a way of keeping healthy. I try to stay away from medications unless I really need them, using over-the-counter medications before a prescription product.”

**Doctor, Doctor!**

“Let’s face it—we’re getting older, and with that comes some pretty scary stuff, health-wise. We do what we can to minimize healthcare costs, but for many things we rely on the knowledge and advice of medical professionals. We use a lot of over-the-counter products, vitamins/supplements and prescription medications. We try to eat well, but we don’t go to extremes. We struggle with our weight. We get an adequate amount of exercise, but probably no more than other people.”
Different approaches to self-care are evidenced by a variety of self-care behaviors. For two-thirds of consumers, self-care is as simple as washing their hands. Certainly, overall consumer commitment to wellness is evidenced in non-food aisles in a variety of ways, as well.

- 75% of consumers focus on good oral hygiene
- 51% of consumers use nutritional supplements daily
- 35% of consumers take over-the-counter medications occasionally
- 25% of consumers use natural personal care/hygiene products – 33% among young millennials
- 19% of consumers use natural disinfectants to keep their homes free of germs

But this focus is acted upon differently by different self-care segments, translating to very different patterns in buying behavior (see Exhibit 2).

### EXHIBIT 2
**Illustration: High-Growth, Non-Food Self-Care Categories**

<table>
<thead>
<tr>
<th>Total Respondents</th>
<th>Proactive Naturalists</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Growth vs. YA</td>
</tr>
<tr>
<td>Household Cleaner Cloths</td>
<td>11%</td>
</tr>
<tr>
<td>Sleeping Remedies</td>
<td>11%</td>
</tr>
<tr>
<td>Skin Care</td>
<td>7%</td>
</tr>
<tr>
<td>Lip Treatments</td>
<td>3%</td>
</tr>
<tr>
<td>Suntan Products</td>
<td>2%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Total Respondents</th>
<th>Doctor, Doctor!</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Growth vs. YA</td>
</tr>
<tr>
<td>Sleeping Remedies</td>
<td>11%</td>
</tr>
<tr>
<td>Bath/Body Scrubbers/Massagers</td>
<td>27%</td>
</tr>
<tr>
<td>Toothbrush/Dental Accessories</td>
<td>0%</td>
</tr>
<tr>
<td>Blades</td>
<td>(3%)</td>
</tr>
<tr>
<td>Soap</td>
<td>5%</td>
</tr>
</tbody>
</table>

IRI CSIA™; Total U.S., All Outlet, 52 Weeks-Ended 9/9/2018; NBD Dollars
In food and beverage, consumer commitment is similarly powerful. Some 60 percent of consumers believe that food is just as powerful as medicine when it comes to healing and treating illness. This belief is consistent across all demographics except seniors/retirees – though nearly half of this cohort does believe in the potency of food compared to medicine. Across all consumers:

- 44% eat food that contains wholesome ingredients
- 35% eat a diet that is rich in fruit and vegetables
- 29% avoid artificial sweeteners
- 28% avoid processed foods
- 14% choose foods that are non-GMO

This focus on wellness through nutrition is supporting major growth of products that tout high-demand benefits, and it is pushing manufacturers and retailers to commit to not only making, but heavily marketing products that boast key product claims (see Exhibit 3).

Importantly, though, food and beverage purchases also vary across self-care segments based upon individualized needs, wants and goals.

**EXHIBIT 3**

Product Attribute Growth

<table>
<thead>
<tr>
<th>Total Edibles</th>
<th>Non-GMO</th>
<th>Non-Dairy</th>
<th>Vegan/Vegetarian</th>
<th>High/Added Caffeine</th>
<th>No Antibiotics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dollar Sales Growth 2018 vs. 2017</td>
<td>+31%</td>
<td>+28%</td>
<td>+22%</td>
<td>+17%</td>
<td>+10%</td>
</tr>
</tbody>
</table>

Source: IRI Market Advantage – Total U.S. MULO+C; 52 Weeks-Ended 8/12/18
With such a focus on products with sought-after, health-focused attributes across the store, the competitive set has been redefined. Further, with today’s consumer having diverse and complex needs, high expectations and the ability to make or break a product via social media, shoppers have taken control of the market and how CPGs and retailers need to engage with it.

For example, the blurred boundaries between water and carbonated beverages illustrate that benefits-centric equals consumer-centric (see Exhibit 4). As a result, even the water category boasts products that today are anything but simple—from packaging to ingredients. The market once boomed with plain, bottled water. Blurring within the sector brought carbonation, flavors and sweetener, and now the segment houses products that are strikingly similar to carbonated beverages, but carrying the healthy badge as a competitive advantage. Consumers wanted more, manufacturers responded and the segment experienced indelible change.

EXHIBIT 4

Product Selection Has Moved from Form-Centric to Benefits-Centric, Reframing the Competitive Set
Make the Connection With Messages That Matter

Identifying and deeply understanding the attitudes and behaviors of high-value, high-opportunity shoppers is the first step in leveraging the self-care trend to drive growth. However, without activation against these identified shoppers via personalized messaging, the sales needle will not move.

By connecting attitudes with actual purchase behavior, marketers can develop and implement marketing programs that truly influence the path to purchase for their most important shoppers. To bring this lens to life, IRI has linked the IRI Self-Care Segmentation to actual purchase behavior mined from a dataset of 350 million retailer shopper loyalty cards. By leveraging these solutions, advertisers can align household attitudes with individualized brand messaging and grow share in the vast and rapidly growing self-care market.

Case Study
Maui Moisture Borrowed From Key Food & Beverage Ingredients to Drive Credibility
Unique “Better-by-Nature” Image From Ingredients to Positioning and Packaging

HEALTHY INGREDIENTS FOR HEALTHY HAIR

1. INGREDIENTS
Ingredients you want, without the things you don’t:
- No mineral oil
- No silicones
- No parabens
- No gluten
- No SLS
- No sulfated surfactants
- No synthetic dye
- YES eco-friendly
- YES pure coconut water
- YES pure aloe juice

100% Aloe juice replaces typical mineral water

2. F&B BENEFITS
Maui Moisture is rich in:
- Minerals
- Electrolytes
- Vitamins

If it’s good for my body, it must be good for my hair!

3. PACKAGING
Packaging resembles a blended fruit juice
Personalization Creates Connections with Consumers as Nearly Half of Consumers Practice Self-Care to Feel Good About Themselves

Wellness has truly become a 360-degree concept: The desired goal is to be the best version of him/herself inside, outside and in what surrounds us. The mental and emotional piece is the driving factor that inspires change in behaviors, and ultimately purchases.

When building products and marketing them in the self-care space, considering these motivations is key to success for CPGs and retail. This reinforces that personalization is a critical component of self-care – by showing shoppers that their individual health goals and challenges have been considered and addressed, delivering on their expectations and personalizing those efforts to ensure they resonate.

While many consumers value general elements, there are differences to note across demographics. Typically, millennials:

- Are conscious of health, focused on overall lifestyle
- Leverage the internet and technology
- Are more likely to follow non-GMO, gluten-free, vegetarian and organic diets

While showing different behaviors than their younger offspring, seniors are:

- Health conscious due to age – rely on “pills” vs. lifestyle
- More likely to purchase personalized vitamins
- Concerned about side effects of medications and drug interactions
- More price sensitive

But, within and across these sectors, there are myriad approaches to wellness to ensure success in this very valuable and growing space. Brands and retailers need to invest to understand their high-potential consumers at an intimate level.

All CPG marketers and retailers must understand existing and evolving trends and remain a partner in self-care by offering solutions that meet current and future needs. The solution mindset must drive innovation in self-care, offering holistic, benefit-oriented approaches – and solutions and shopping experiences that are personalized. Personalization is not an option, it’s a key to survival, especially given the rapidly changing market landscape, ever-fluid economy and changing face of the U.S. population.

IRI Self-Care Segmentation: How It Works

The IRI Self-Care Segmentation answers key questions:

- What are the triggers that influence self-care behavior and how do I use these differing motivations to drive growth?
- What are the attitudes and behaviors across self-care pillars – food and beverage, over-the-counter medications and nutritional supplements, home care and personal-care products – and how do they overlap/influence each other?
- Who are the best targets for my brands/categories, and what products/benefits/messaging will resonate with them?
- Which type of self-care shopper skews towards my stores and how does this differ versus my competitor?
- How do I drive loyalty and basket ring to win the largest share of the self-care market?
The IRI Self-Care Segmentation features eight distinct consumer profiles:

- **Proactive Naturalists**: Motivated by keeping fit and preventing illness
- **Active Health Managers**: Focused on limiting healthcare expenses and avoiding doctor visits
- **Awakened and Dedicated**: Seeking a balanced life and more energy
- **Unconcerned Realists**: No distinctive health and wellness motivation—simply taking life as it comes
- **Healthy Passives**: No motivation to adopt self-care behaviors—they’re healthy and haven’t had to deal with anything too serious
- **Preventive Moderates**: No distinctive self-care motivation; they want to prevent illness and stay fit and healthy; open to vitamins or supplements and prescription medications, as needed
- **Advice Seekers**: Managing a health condition and seeking constant reassurance from health professionals
- **Doctor, Doctor!**: Dealing with health conditions, but trying to stay healthy as they age, through medications and guidance from health professionals

**EXHIBIT 5**

IRI has Developed a Self-Care Segmentation That Offers a Spectrum of Opportunity for Targeting and Growth

**Self-Care Consumer Segments**

- **Advice Seekers**: 18%
- **Proactive Naturalists**: 14%
- **Preventive Moderates**: 13%
- **Active Health Managers**: 10%
- **Awakened & Dedicated**: 11%
- **Healthy Passives**: 22%
- **Unconcerned Realists**: 8%
- **Doctor, Doctor!**: 5%

Source: IRI Self-Care Segments; Total U.S. All Outlets NDB Dollar Aligned /
*Distributions may shift slightly due to static, timing and type of analysis being run*
About IRI
IRI is a leading provider of big data, predictive analytics and forward-looking insights that help CPG, OTC health care organizations, retailers and media companies to grow their businesses. With the largest repository of purchase, media, social, causal and loyalty data, all integrated on an on-demand, cloud-based technology platform, IRI helps to guide its more than 5,000 clients around the world in their quests to remain relentlessly relevant, capture market share, connect with consumers and deliver market-leading growth. A confluence of major external events—a revolution in consumer buying, big data coming into its own, advanced analytics and automated consumer activation—is leading to a seismic shift in drivers of success in all industries. Ensure your business can leverage data at www.iriworldwide.com.

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