Power up

Insights Report

THE RISE OF THE ACTIVE NUTRITION CONSUMER

Traditionally the exclusive territory of elite athletes and extreme bodybuilders, the sports nutrition segment was once focused on performance-touting products that were long on nutrition technology, but sometimes short on taste and substantiation. That was then. Now, with brands across all types of consumer goods seeking to capitalize on the appeal of sport, the category has found a new (if somewhat unexpected) momentum in appealing to a broad swath of consumers around the world seeking healthy, active lifestyles. They run the gamut—from ordinary sports enthusiasts to active seniors—and the common denominator is that they view themselves as sporty.

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This is prompting interest in products that are broadly connected to sports by supporting health, energy and an active lifestyle, giving rise to a host of new products that tout endurance, energy and protein. "Sports is becoming a dominant force in our society, changing the way we dress, the way we use technology and social media, and it's increasingly also changing the things we eat," wrote Julian Mellentin, editor of *New Nutrition Business* and author of the annual report, "10 Key Trends in Food, Nutrition and Health 2018."[1]

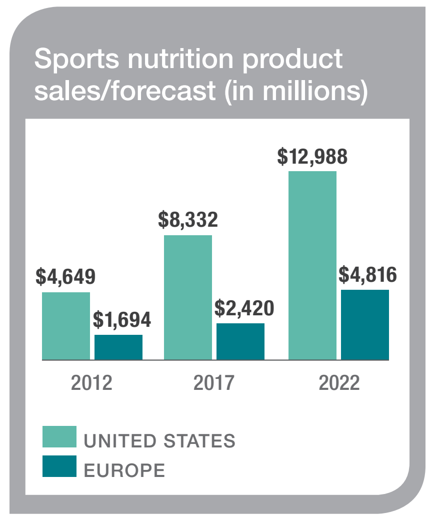
The melding of the traditional sports nutrition segment with more broadly positioned products for active lifestyles has, in effect, created a new global market that has been fundamentally redefined as active, or lifestyle, nutrition. The transformation portends a bright future for products that can capitalize on sports appeal.

Sizing up **the market**

Business as usual is a thing of the past in sports nutrition, and growth trends certainly bear this out.

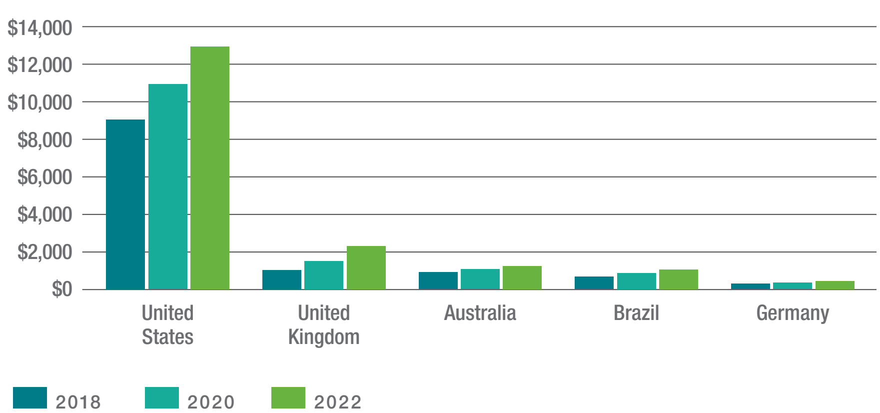
The global sports nutrition segment grew to $14 billion in 2017, and is predicted to reach $24 billion by 2022, according to data from Euromonitor International.[2] Since the early days of sports bars, drinks and gels, North America has long been the leading market for sports nutrition products, with the United States alone consisting of nearly 60% of the total global market, reaching sales revenues of $8.3 billion in 2017, with healthy growth at 12%.[3] While its leadership is not expected to change, the U.S. market's growth is expected to slow somewhat, but remain steady with a 11% CAGR through 2022, reaching an expected $13 billion.

While North America and the U.S. are expected to stay at the forefront as the category evolves, the same concepts of healthy living and fitness are also playing out in markets around the world. Beyond the U.S., top regions include developed markets like the United Kingdom and Australia. Additionally, less-developed markets that are seeing economic shifts—such as Brazil, China and India—are not outside of this phenomenon. In particular, China's adoption of fitness trends will lead Asia Pacific to see the strongest growth in the segment, jumping from $816 million in 2017 to $1.3 billion by 2022, with a 10% CAGR over the next five years.[4]



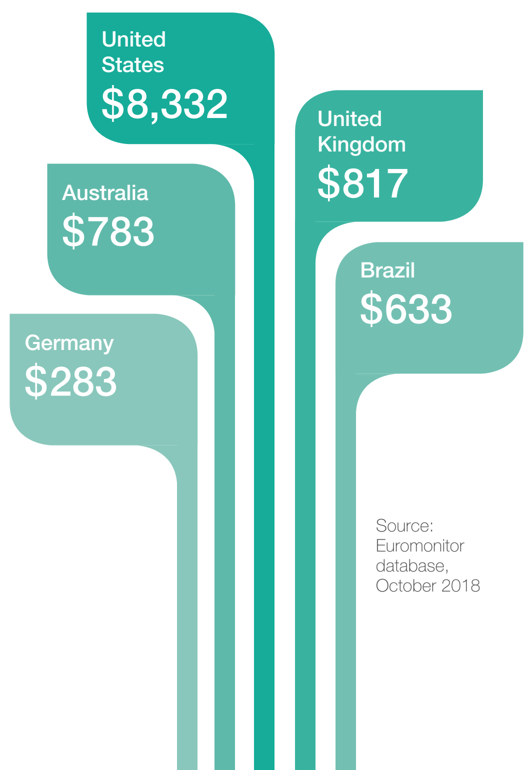
Source: Euromonitor database, October 2018

Global sports nutrition sales forecast (by market)



Source: Euromonitor database, October 2018

Major sports nutrition markets, 2017 (in millions)



Source: Euromonitor database, October 2018

The global active nutrition consumer: **Strong is the new ideal**

The muscle behind this trend is certainly a broad-based global change in consumer attitudes that is impacting lifestyle images and product use. But interestingly, this does not necessarily mean consumers are becoming more active. "People are motivated in every category—fashion, technology, leisure—to buy things connected to sports in ways never seen before. They want an image of sportiness—even if they rarely do any sport . . . ," Mellentin continued in the "10 Key Trends" article.

Along with this new thinking is a new ideal of health and beauty, according to Mintel research analyst Anita Winther. This ideal, she said, "sidelines the waiflike figures common among fashion models in favor of athletic and toned—or even highly muscular—physiques, widely known as 'strong is the new skinny.'"[5] These attitudes are expected to propel the sports nutrition category beyond the weight management sector by 2023, according to Euromonitor analyst Pia Ostermann.[6]

But with a consumer base that ranges from active oldsters to trendy millennials, sports nutrition is now a tricky landscape in which to position products. Understanding who these consumers are and how they differ in thinking is important for product success. Euromonitor defines this expanding consumer demographic into four segments:

1 **Traditional core users** are body builders and elite athletes. They are well-informed about sports nutrition, critical of formulations, and consistent, high-volume purchasers who are brand-loyal. They do not demand "clean label."

2 **Casual users** are recreational athletes or weekend warriors, particularly in regions with an established sports nutrition market. They are less sophisticated and look for products with ingredients they recognize. They are more prone to purchase products in mainstream outlets like grocery and convenience stores.

3 **Lifestyle users** are young, affluent and invest in fitness as a fundamental aspect of their lifestyle and to reflect their crowd culture.* They have a high demand for functionality and "clean label" products, and they are willing to spend more on products that offer convenience and wholesome ingredients.

4 **mConsumer (i.e., mobile consumer) users** are early adopters of mobile lifestyles. They invest in products that support personalized activities, tracking fitness goals with apps and smart wearables. These consumers demand whole food ingredients and show a tendency to follow top social media fitness influencers.

Source: Carolina Ordonez, The Global Sports Nutrition Landscape. Euromonitor International, 2017

*Crowdculture is a term first used by Douglas Holt noting that people gravitate toward authentic content created by people not brands. Harvard Business review, March 2016)

Gender considerations

Though men have traditionally been—and still remain—top users of sports nutrition products, these changing attitudes are increasingly prevalent among women who are at the forefront of "sportification" in sectors like fashion. The explosion of the active wear trend in the U.S. is illustrated by growth in active fitness clothing brands.

Women are likely to be a significant force in sports nutrition as well. But female attitudes about sports products are different than men's. It's more than weight maintenance for women; they tend to look for similar attributes in sports nutrition as they do in other products. In other words, they seek brands they trust. They also want clarity as to ingredients used and how they work specifically for women.[7]

One driver of the fitness movement evident in both genders is growing importance and knowledge about how diet and exercise impact long-term health. Health and nutrition are now top-of-mind for consumers buying active nutrition products. Innova Market Insights noted that 30% of U.S. consumers pay attention to the health aspects of sports nutrition products beyond performance benefits, while 22% also say they are influenced by natural claims when purchasing these products.[8]

Generally speaking, most of the trends that are important in foods and beverages overall, such as label-friendly ingredients and healthfulness, are amplified in the sports category. Mintel research suggests that 64% of consumers who use sports nutrition products always read the ingredient labels and nearly half (46%) avoid products that are high in sugar.[9]

Their scrutiny also applies to product benefits. From its early years, the sports nutrition category has often been in the crosshairs with regard to claims, ingredients and regulatory compliance, and this has created skepticism among many consumers. While regulatory and safety requirements vary by market, there is one common area of caution for most consumers . . . and that centers on product efficacy. Mintel data noted that while usage of sports nutrition remains strong in the UK, 63% of users admit that it is difficult to tell whether a product is actually providing a benefit, and 72% say they would like to see industry-wide certification to ensure ingredient quality in these products.[10]

Active nutrition shoppers

To get a feel for how active lifestyle consumers think, as well as some contradictions in their attitudes, Mintel data offers insights into how these trends are developing in the United Kingdom:

AGES 16–34		
3 in 10 Brits (27%) now use sports nutrition products. These users are 1.5× more likely to be men:	61%	40%
2 in 5 (39%) exercise more than once weekly. Among these users, the gender gap narrows:	35%	26%

When it comes to sports products, it's all about protein—**3 in 10** used high-protein products in 2017, and **28%** say products with added protein are a good alternative to foods naturally high in protein.

Top three sports nutrition products in the UK:

11% consume **PROTEIN BARS**

10% consume **PROTEIN POWDERS**

9% consume **ENERGY BARS**

Interestingly, while one-third of these British consumers believe they are healthier now than one year ago, exercise overall has not increased: about one in four Brits have consistently said since 2015 that they never exercise.

Source: Mintel's Attitudes towards Sports Nutrition Report, 2017

Redefining a category: **The new power of sport**

Given these trends, interest in sports and fitness positioning for many product categories is now unprecedented. According to *NNB's* "10 Key Trends Report" the "sportification" of products is much broader than just the mainstreaming of traditional sports nutrition products. Mellentin writes, "the much bigger trend is for regular foods with a health halo to be adopted by people who play sport to be healthy."[11]

As a result, the new era of sports nutrition includes products ranging from traditional bars, beverages and powders to any product with a convenient, healthy profile—such as dairy, ready meals and snacks, and even bakery.

Products containing protein are at the leading edge as a favored ingredient for boosting energy and performance. According to data from Innova Market Insights, foods and beverages launched with high-protein-source claims led the pack between 2012 and 2016 with a CAGR of 27%, followed by products positioned for sports and recovery logging a 19% CAGR, and products geared for energy and alertness not far behind, posting annual increases of 14% over the same time period.[12]

Foods and beverages that offer both a health halo and proven performance ingredients seem to also occupy a particular sweet spot: Innova data shows product launches containing the performance ingredient BCAA (Branch chain amino acids) with a 34% CAGR between 2012 and 2016, while products containing whey protein showed a CAGR of 14% during that period.[13]

It's all about **protein**

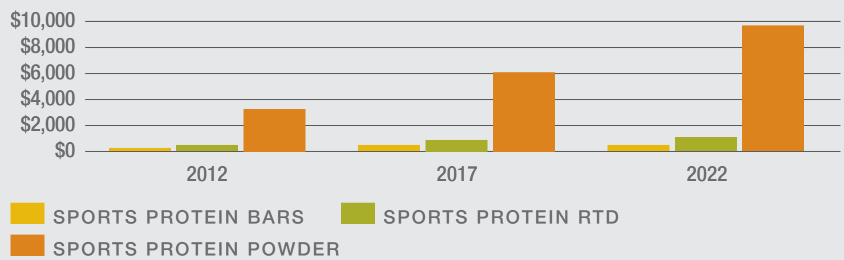
Products enhanced with protein are the major beneficiary of the "sport-for-everyone" trend, with product launches claiming high protein seeing annual growth rates near 30%. The protein category in the U.S. is expected to see continued healthy growth at a CAGR of 12% through 2022, reaching a total of $11.7 billion, as compared to non-protein sports nutrition products, which will reach $1.3 billion on annual growth of 5% for the period.[14]

Protein powders, RTD beverages and bars are the most dominant product categories in both the U.S. and Europe, and are expected to see continued interest and new product development.

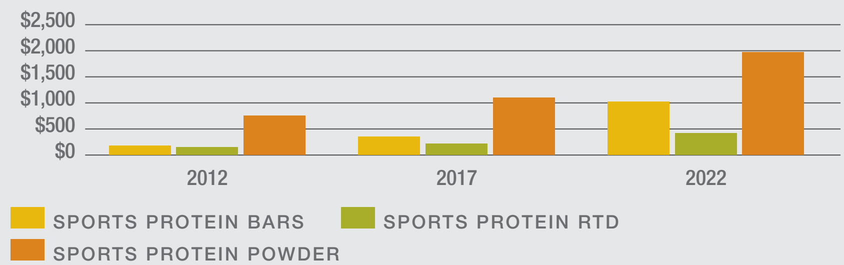
Sports protein RTD beverages are one of the best-performing categories, appealing to active nutrition consumers for their convenience, new flavors and premium ingredients. Sports protein bars also continue to post solid growth, which has led to an increasingly competitive market in this category, as companies strive to differentiate by using organic ingredients, boasting sustainable supply chains and family-inspired recipes.[15]

In Europe, sports protein powders also command more than half of the protein beverage market, making up a steady 66% of the category compared to protein-based sports drinks. These powders also typically represent almost 90% of the product launches between the two categories, and the two segments have seen steady double-digit growth of 11% since 2007.[16,17] Even though protein powders are a bit more popular in the EU, the sports and energy drink category in Europe also has healthy growth prospects, with sales reaching $7.9 billion in 2017 according to Euromonitor data, and an expected CAGR of 7.7% through 2022, which is the highest in the overall soft drink category.[18]

U.S. sports nutrition sales forecast (by category)



Europe sports nutrition sales forecast (by category)



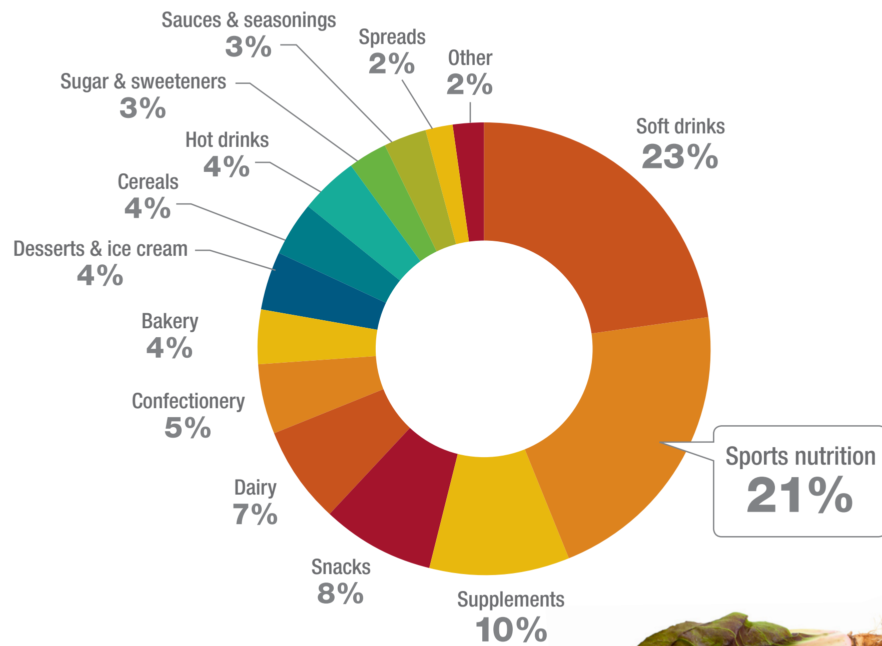
Source: Euromonitor database, October 2018

Sports nutrition **ingredient solutions**

As protein products continue to see interest and sales growth, tried-and-true dairy, soy and whey proteins remain as relevant for this category as ever, but there is also interest in products that contain other plant-based proteins—like rice and pea protein, which are label-friendly, have mild flavor profiles, and offer functionality. This interest reflects that the overall sports protein category is more holistic than ever, as consumers increasingly look for new plant-based protein sources.

Pea protein ingredients are becoming a top choice, as they are non-GMO, vegan, free of gluten and soy, and many are certified organic. These ingredients are suitable for many of the emerging active nutrition product categories such as beverages, bars and powders as well as bakery, snacks and dairy alternatives.

Global stevia new product launches by market category



Source: Innova database, New Product Launches Containing Stevia, 12 months ending 11/20/18

Sweetener and sugar reduction options

Sugar in sports nutrition products is an increasingly hot topic for all consumers, and significant numbers of these active nutrition consumers are now on the lookout for sugars and added sugars. Coupled with the growing momentum of sugar taxes, especially in sugar-sweetened beverages, new options for sweetening and sugar reduction are an important part of formulation strategy.

Stevia sweeteners are now a leading option to add sweetness to products while maintaining a healthy, label-friendly, active nutrition profile. In 2018, sports nutrition products accounted for 21% of all new product launches with stevia.

Stevia, an herb native to Latin America, is extracted from the leaves of the plant species *Stevia rebaudiana*. It is considered a safe sweetener that is a suitable, functional, and label-friendly alternative for many products. The active compounds in stevia are steviol glycosides, which are 150 times sweeter than sugar, are heat-stable and are ideal for a broad range of product applications—including top sports categories like bars and beverages.

Erythritol, a compound naturally present in fruits like berries and certain vegetables, is another popular sweetener option. It is approved by the FDA, acts as a sugar substitute and can help mask the aftertaste of intense sweeteners like stevia, so it is increasingly used in combination with stevia in numerous formulations. Erythritol has better digestive tolerance than other polyols, and it is available as a non-GMO ingredient.

Inulin from chicory root fiber is another important option. It is a fiber extracted from chicory root that has a label-friendly appeal and provides both functional and health benefits. Chicory root fiber is a soluble fiber source that positively impacts texture of gluten-free products and has excellent heat stability. Key applications include bakery products, beverages, dairy and dairy alternatives.

Tapioca syrup is proving to be another key option in product formulation. Made from cassava, it is a tuberous root native to Asia, Africa and South America, which is ground into starch and then broken down into a syrup that has a mildly sweet taste. It provides a one-to-one alternative for corn syrup and offers a variety of different functions by product application, such as viscosity and binding.

Conclusion: **Finding the common denominators**

Opportunity in the evolving sports and active nutrition category will continue to grow as more consumers embrace the concept of foods and beverages to support strength, health and energy. Beyond the hallmark of replacing ingredients with those that are considered more healthful, the key elements of success include a brand identity that can be connected to an active lifestyle, product formats that are convenient and easy to use while on the go, and some advantage for sport such as alertness, energy or endurance.[19] While traditional proteins and sugar reduction ingredients are among the most important formulation options in this category, there is still room for innovation in both formulation and branding.

Here are the key insights for active lifestyle products:

Finding the middle ground

According to Innova Market Insights, there is ample room for new innovation in both the traditional sports nutrition platforms (recovery, muscle building and endurance) as well as on the active nutrition side (healthy lifestyles, sporting women and active seniors). The sweet spot may just lie in the middle ground of both these groups, with products that offer specialty, substantiated performance ingredients, as well as a label friendly and mainstream appeal.[20]

Personalized communications

As the consumer base for these products evolves and broadens, very targeted consumer messaging and tailored product innovation will be critical, according to Euromonitor analyst Carolina Ordonez, especially concerning plant-based proteins and "clean" labels.[21] Companies looking for success in this space will have to go beyond integrating their brand with sports teams and athletes, instead targeting crowd cultures (people who share like-minded experiences on social media, such as runners, practitioners of yoga and those who follow particular fitness influencers).

Plant power

Plant proteins will continue to gain ground in the already huge sports protein product space, as consumers continue to cite concerns about ingredient transparency and changing dietary habits. Plant-based proteins will add variety and have a growing impact on this segment.

As broad packaged food categories look to capitalize on the "sports-for-all" trend, the sports nutrition category will see expanding opportunities, as well as increasing competition. Companies looking to achieve success in this space will need to think broadly about health and fitness goals . . . but then more narrowly target their branding, packaging and messaging to engage targeted consumer groups and appeal more narrowly to their attitudes and lifestyle ideals.

For more information about Cargill's capabilities, ingredients and insights in the sports nutrition and active lifestyle category visit **Cargill.com**.

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