2022 Consumer Healthcare Trends

The consumer healthcare industry has seen significant growth in recent years, attributed to two main factors: the self-care movement coupled with rising health costs. Consumers continue to seek more value for their money and want to take proactive control of their health. The focus on mind, body, and overall health are key consumer drivers influencing product innovation from wearables to dietary supplements. While taking a deeper look into their own health and well-being, consumers seek transparency from companies through their brand, product manufacturing, and actions that promote well-being for the world around them. Increased focus on health and well-being can be attributed to the lingering effects of the COVID-19 pandemic, along with the growth of digital impacting everyday living. As consumers continue to seek convenient and fast digital alternatives, brands are forced to increase their online engagement and connected end-to-end experience strategy.

Over the years, consumer healthcare brands have been acquired and divested by major pharmaceutical companies. As these major organizations have fine-tuned their strategy, many consumer healthcare divisions now sit on their own rather than an entity within a larger pharmaceutical brand. This provides opportunities for both incumbent brands and new companies to grow in the market. For existing brands, many are focusing on creating a more consumer-focused and flexible experience that falls more in line with the CPG industry standards. For new brands, they are finding gaps in the market where consumers are looking for digital-first and personalized experiences that more nimble brands can typically offer. Regardless of size or position, consumer healthcare companies are poised for growth as consumers are looking for more affordable, accessible, and personalized product experiences in 2022.

TREND #1

Consumers continue to take proactive control of their health through self-care.

The coronavirus pandemic drastically altered the consumer outlook on health and wellness. Consumers continue to fear the virus with its evolving variants, and research shows that those with underlying health issues are increasingly susceptible and may fare worse. Most importantly, COVID-19 made consumers reconsider both short- and long-term health and wellness. This re-prioritization and re-assessment of how health and wellness tie into daily life has shifted consumers to make more proactive choices - not just how to avoid the virus, but how to live a longer, healthier life.

According to Nielsen IQ, 48% of global consumers say they make proactive health and wellness choices on a regular basis. With the growing consumer interest in their own health, there has been a rise in dietary supplements, wearables, and wellness products to support mind, body, and overall health.

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SOURCE

In the vein of proactive wellness and preventing future illness, we expect to see waves of immune building products. In response to consumers' desire for self-care, lawmakers are pushing for greater access to supplements which could signal greater interest and demand for these products in the coming year.

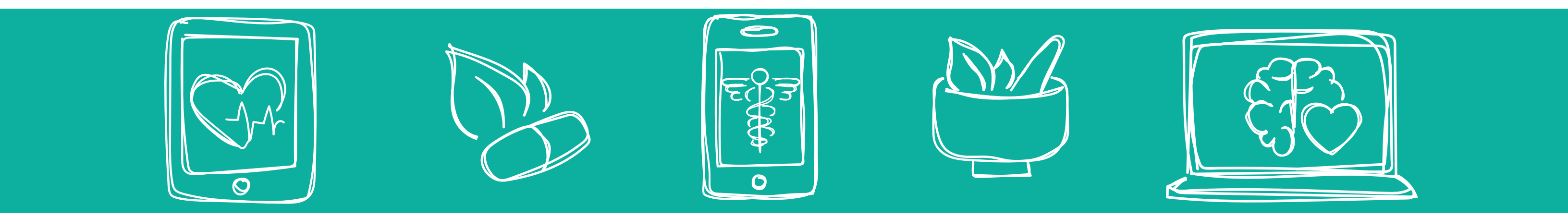
TREND #2

Holistic wellness and priority of mental health rise in importance.

As we emerge into the post-pandemic world, mental health remains a top priority for consumers. We see the mental health supplement market expected to reach $13 million in 2027. Primarily attributed to the pandemic's lasting impacts, individuals across the globe struggle to adjust to the "new normal." From international lockdowns to changing hybrid work requirements, most nations are still experiencing the effects of the pandemic.

One in three (35%) surveyed consumers across the globe state that COVID-19 has had a negative impact on their mental health and physically speaking, living alongside the virus has taken its toll as well. Consumer healthcare companies have an opportunity to position natural supplements or technology-enabled products to help manage stress and anxiety for consumers into the future. Consumer interest in adaptogens and other stress-reducing ingredients has grown significantly in 2021 and is likely to continue growing in 2022.

The American Psychological Association's (APA) Stress in America 2020 report revealed that, on average, Gen Z adults scored their stress levels in the past month as 6.1 out of 10, with 10 being the highest level.

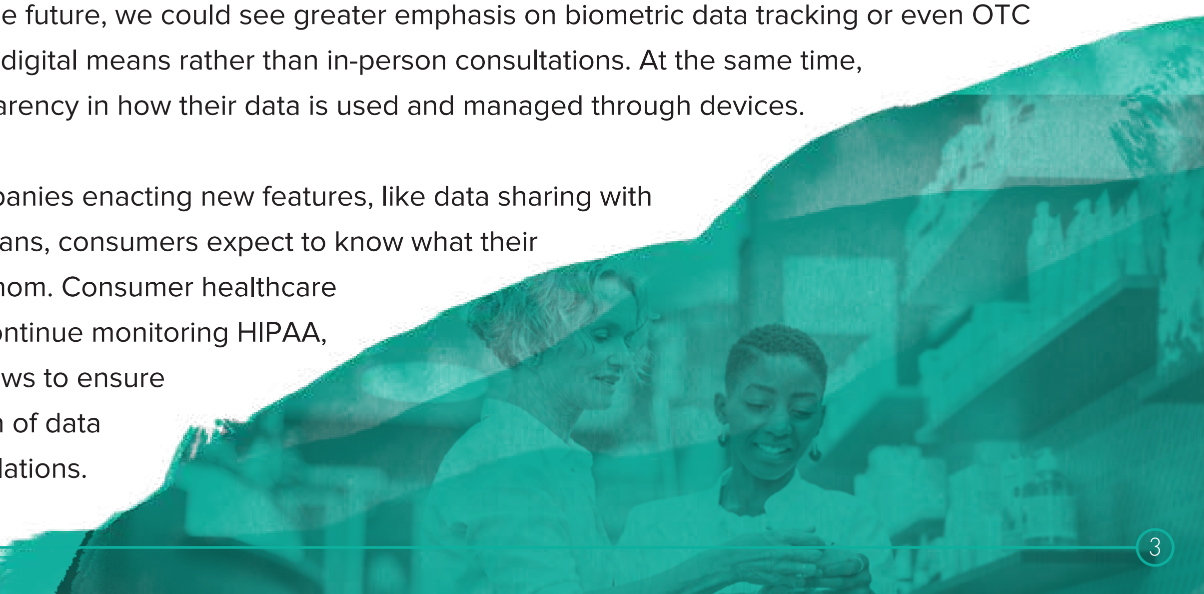


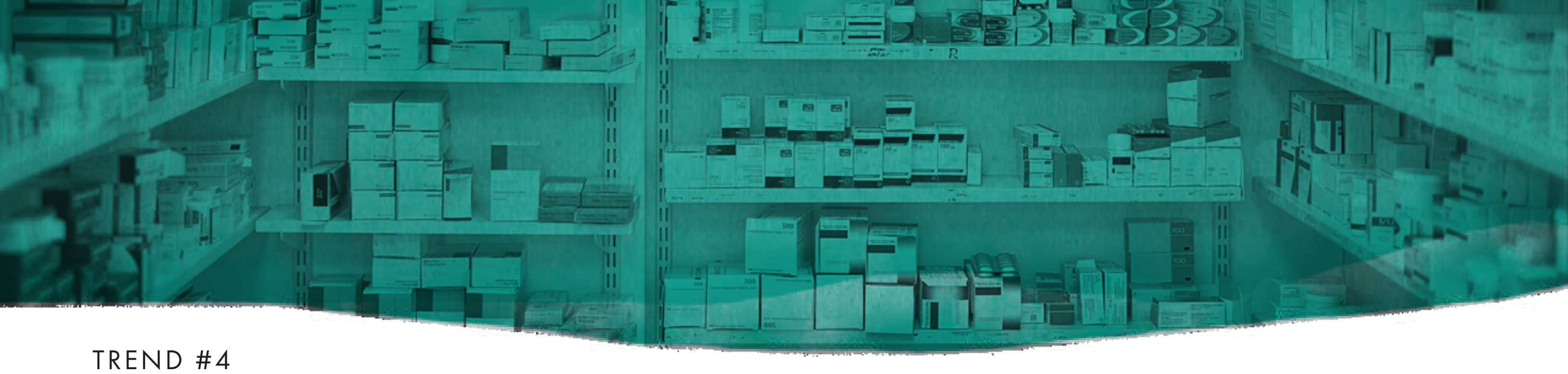
TREND #3

Consumers prioritize digital technology to aid in their health and wellness.

As tech adoption has grown across generations, wearables and tracking devices continue to rise in popularity. These devices provide consumers with ways to own and track their health, medication intake, exercise, and wellness. As we look to the future, we could see greater emphasis on biometric data tracking or even OTC product ordering through digital means rather than in-person consultations. At the same time, consumers expect transparency in how their data is used and managed through devices.

With more wearable companies enacting new features, like data sharing with family, friends and physicians, consumers expect to know what their data is used for and by whom. Consumer healthcare companies will need to continue monitoring HIPAA, CCPA, and data privacy laws to ensure their use and transmission of data falls within accepted regulations.





TREND #4

Consumer healthcare access becomes more seamless across eCommerce and retail pharmacies.

The consumer healthcare industry was considered a laggard to eCommerce, given that consumers tended to go to pharmacies for their products. However, the industry is on a steady incline given the growing convenience and trust. Most consumers expect digital alternatives, as well as greater accessibility to their products when and where they want them. Traditional consumer healthcare companies should continue to evaluate and invest in their eCommerce strategy to compete with competitors both large and small seeking to capture consumer interest.

At the same time, retailers like CVS and Walmart are positioning themselves as centralized hubs that provide seamless care and access across digital and storefront. For example, CVS is committing to facilitate 65B healthcare interactions by 2030, which they believe is going to be in part from their HealthHUB concept stores along with connected digital technology.

The global e-pharmacy market size, in USD, is projected to reach $67.9 million by 2027, from $38.4 million in 2020, at a CAGR of 8.4%.

SOURCE

Whether focusing on direct sales to consumers or retail partnerships, consumer healthcare companies should be intentional about how their digital strategy creates a seamless and connected and connected experience for their customers. Consider how each digital touchpoint across the consumer journey from awareness to post-purchase can impact their interest in self-care as they commit to prioritizing their health and wellness.

TREND #5

The switch from Rx to OTC opens new doors for consumers and brands alike.

While consumers take proactive control of their physical and mental health, with the help of digital technologies and eCommerce platforms, they continue to seek greater convenience and accessibility. The consumer healthcare industry has seen a shift in recent years from prescription to over-the-counter (OTC) drugs, with the FDA executing more than 700 transitions in the past 30 years and over a dozen in the last 10 years alone. To make the switch, the product must be safe and effective, with easy-to-understand labeling.

The rise in demand from consumers for OTC drugs can be attributed to several factors, including the impacts of the coronavirus pandemic and the growing prioritization of health by consumers. The escalation in private labels and online sales have also sparked this switch, as vendors continue to create effective new products.

Due to the ever-growing focus on prioritizing one's own health, the industry has seen a rise in demand for OTC mental health and dietary supplements. Individuals with gastrointestinal, digestive, and cardiovascular problems especially benefit from this shift, with easing access to treating their symptoms.

The OTC drugs market in the U.S. is expected to grow at a CAGR of 4.01% from 2021-2026.

SOURCE

Conclusion

The consumer healthcare industry continues to see tremendous growth with the help of the self-care movement and rising health costs. As we move into 2022, consumers continue to place increasing focus on their wellness, taking proactive control of both their short-term and long-term health. This changing focus is not only on physical health, but also on mental health. The mental health supplement market is projected to face significant growth in the coming years, as the effects of COVID-19 have altered consumers' lives forever. More consumers are seeking out ways to adjust to the "new normal," while maintaining lasting and fulfilling mental and physical health.

Consumers seek trust, convenience, accessibility, and even personalization when it comes to managing their health and wellness. Digital technology especially aids in this transition, as brands enhance their wearable technologies and adapt their DTC and eCommerce markets. Several brands continue to expand their digital transformation, with the drastic shift to telemedicine acting as a prime example of the rising demand for digital options. In turn, brands are focusing on how to best engage with consumer segments through integrated channels. This shift also supports other trends seen throughout the industry, including growing consumer involvement, health prioritization, and transparency. Digital channels can provide consumers with first-hand insight into their own health or open their eyes to the commitments being made by various brands. As consumers are increasingly purchasing across channels, and with eCommerce on a steady rise, it is essential that brands leverage their online strategy to meet this increasingly digital consumer demand in 2022.

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