



# GETTING HEALTHY NOW

How CP companies can help consumers reach health and wellness goals



Staying healthy has surfaced as a top-of-mind concern for consumers over the last year. As we emerge from the pandemic, nearly one in two consumers says that health and wellness is even more important than it was prior to it. But consumers spend only one in five dollars on healthy products. So, despite the tremendous progress made by consumer products companies over the last several years, addressing consumers' still-increasing – and unmet – demand for healthier products remains one of the most attractive growth opportunities.

It is worth asking why consumers are unable to meet their health goals through available healthier product offerings. According to our research, the main barriers preventing consumers from purchasing healthier products are price, insufficient availability, and the product either not tasting good or working well.

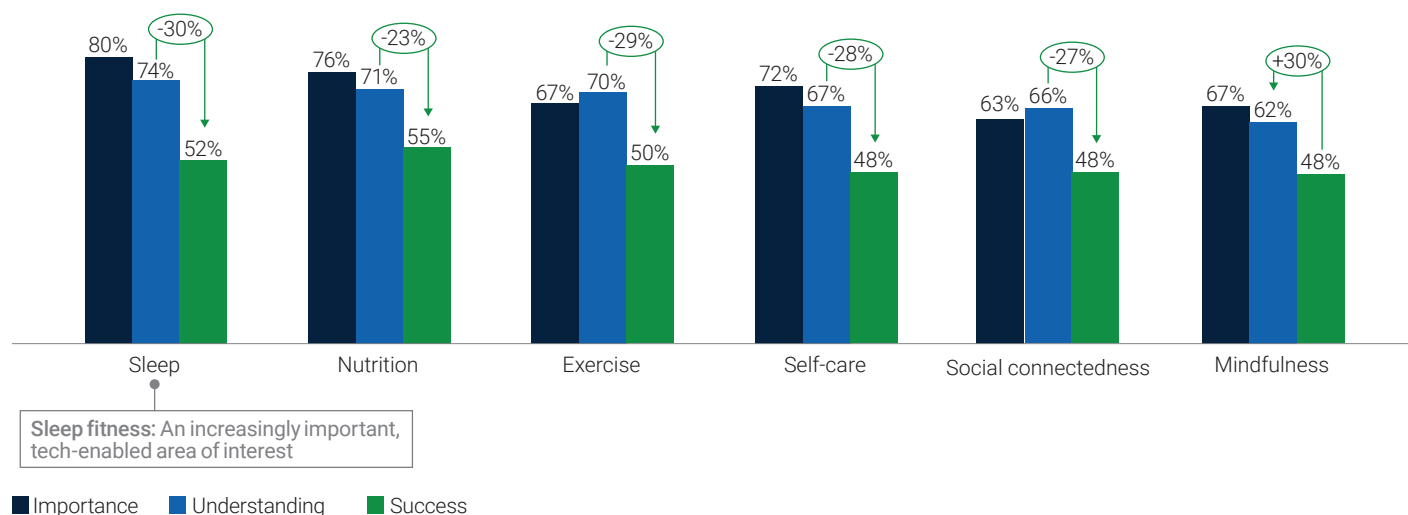
In short, consumers are telling us that they need help executing on their health and wellness goals. There is a

clear demand for more, better products in this space – so much so that the development and promotion of healthier and/or natural products likely needs to be further elevated on most consumer products companies' growth agenda. According to our research, 30% of industry executives say they consider health and wellness to be a potentially disruptive force.

## UNDERSTANDING AT A HIGH, BUT BARRIERS REMAIN

In large part due to the efforts of consumer products companies over the years, consumers have high levels of understanding across the six health and wellness pillars of sleep, nutrition, exercise, selfcare, social connectedness, and mindfulness (figure 1).

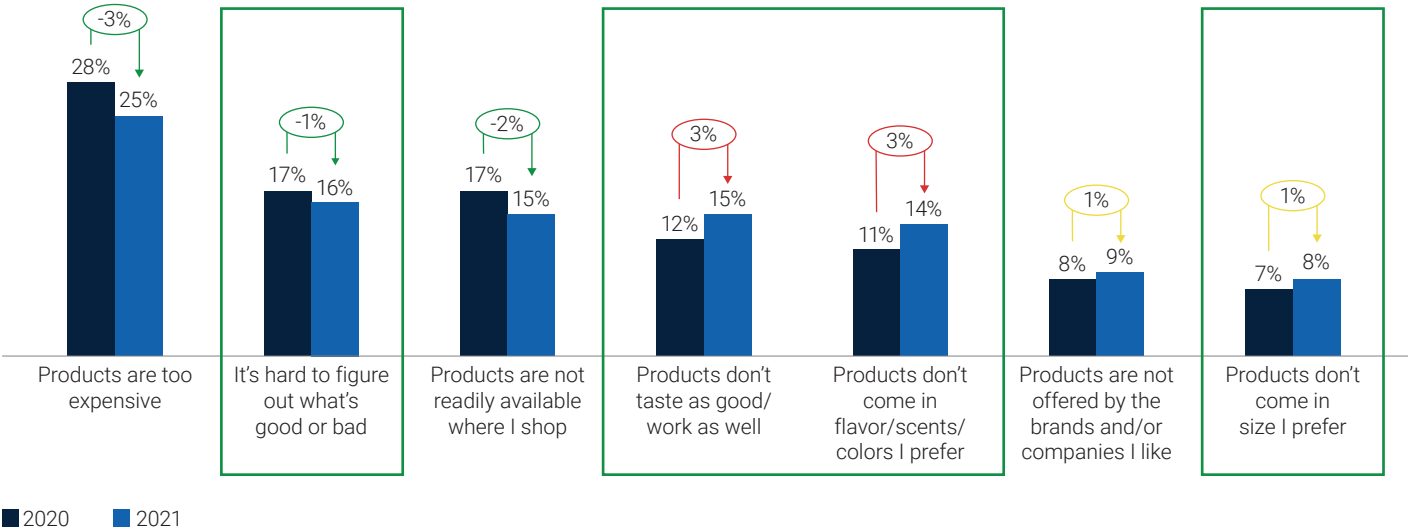
**FIGURE 1: CONSUMERS' IMPORTANCE, UNDERSTANDING, AND SUCCESS ACROSS SIX HEALTH AND WELLNESS PILLARS**



Source: AlixPartners Health & Wellness Survey, conducted April 15 to May 4, 2021, across 6,064 adult consumers in China, France, Germany, Italy, the UK, and the US

However, only 50% of consumers say they are successful in meeting health-related goals. Only a little over a third think nutrition is a priority, even though 71% understand it. So, while consumer goods companies have chipped away at some of the barriers even since last year, many remain (figure 2).

**FIGURE 2: CONSUMER BARRIERS TO PURCHASING HEALTHIER PRODUCTS**



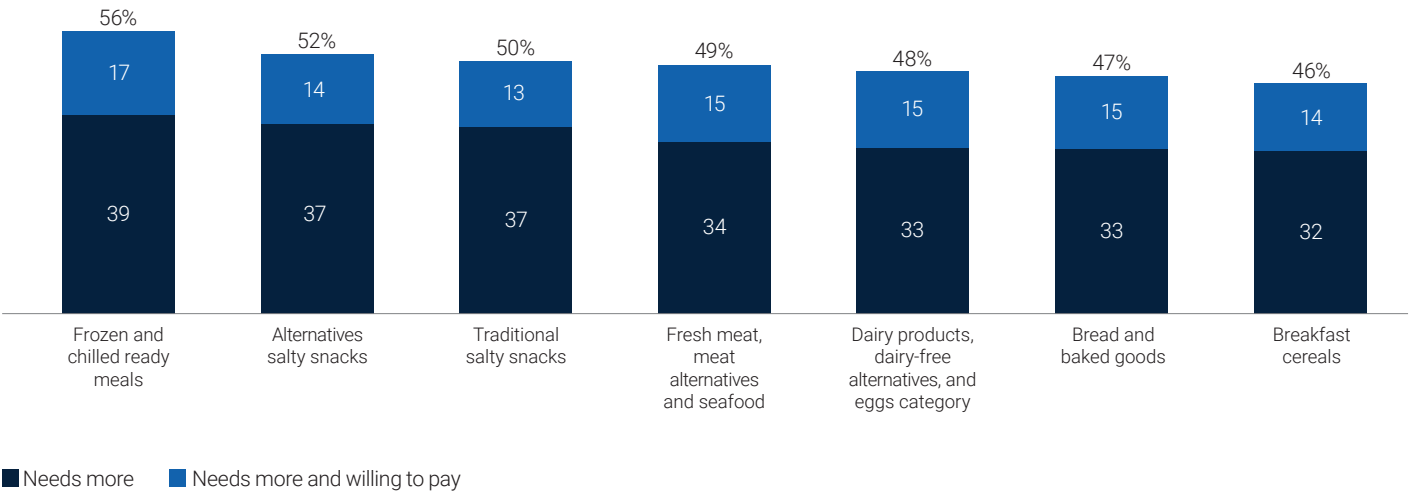
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While high price remains a key barrier, some consumers indicate they are willing to pay more for healthier and natural products in categories including frozen ready-to-eat meals, fresh meat and meat alternatives, and dairy products and dairy alternatives – indicating a clear opportunity for growth in these areas.

**FIGURE 3: CONSUMERS ARE DEMANDING MORE NATURAL/HEALTHIER PRODUCTS AND SOME ARE WILLING TO PAY MORE – BUT THIS VARIES BY COUNTRY AND CATEGORY**



Source: AlixPartners Health & Wellness Survey, conducted April 15 to May 4, 2021, across 6,064 adult consumers in China, France, Germany, Italy, the UK, and the US



Consumers also indicate clear preferences around wanting improved colors, scents, flavors, and varieties in categories including confectionery and traditional salty snacks. They want better taste and more effectiveness when it comes to ready meals and salty snacks. And they would prefer better sizing choices in ready meals and pet care items.

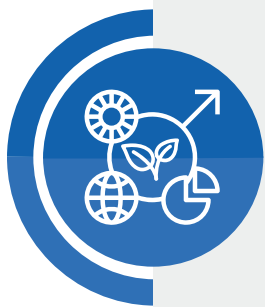
# THE TIME TO ACT IS NOW

The upshot is that this space represents one of the most attractive growth opportunities available to consumer products companies today. Consumer understanding and demand, the industry's research and development ability, and existing legislation has brought us to this point – and the expectation from all stakeholders will only escalate from here. Winning consumer goods companies will help consumers succeed in their health and wellness journeys by bringing a wider variety of healthier products firmly into the mainstream and aligning their entire value chains to capture the opportunity. What can companies do to get there?



## ACCELERATE THE PATH TO HEALTHIER PRODUCTS

Companies cannot risk being left behind by thinking that past efforts (such as, reformulation, portion control sizes, alternative base ingredients, venture capital/M&A efforts) are sufficient. Catalyse the ongoing consumer transition to healthier products by improving availability, developing better-tasting products, and closing the gap to category pricing norms. Companies that push healthier products to become the core instead of a niche component of a given category are likely to capture share.



## ENGAGE YOUR ENTIRE VALUE CHAIN

Reevaluate the degree to which resources across the value chain are aligned to health and wellness objectives. Ensure that assets, mindset, incentives, and capabilities are in place to capture and retain emerging demand. Where gaps exist, quickly mobilize to maximize the medium-term commercial opportunity. At the same time, build 'stickiness' by becoming an integral part of consumers' health and wellness journeys. Work alongside retailers to set category goals. Drive cost out in fast-maturing supply markets for healthy or clean ingredients. Integrate health and wellness efforts within your broader ESG agenda, as consumers vote with their wallet based on their perceptions of a company's impact across health, sourcing, sustainability, labor practices, and corporate citizenship.



## RENEW INVESTMENTS IN IN-HOUSE CAPABILITIES OR THROUGH M&A

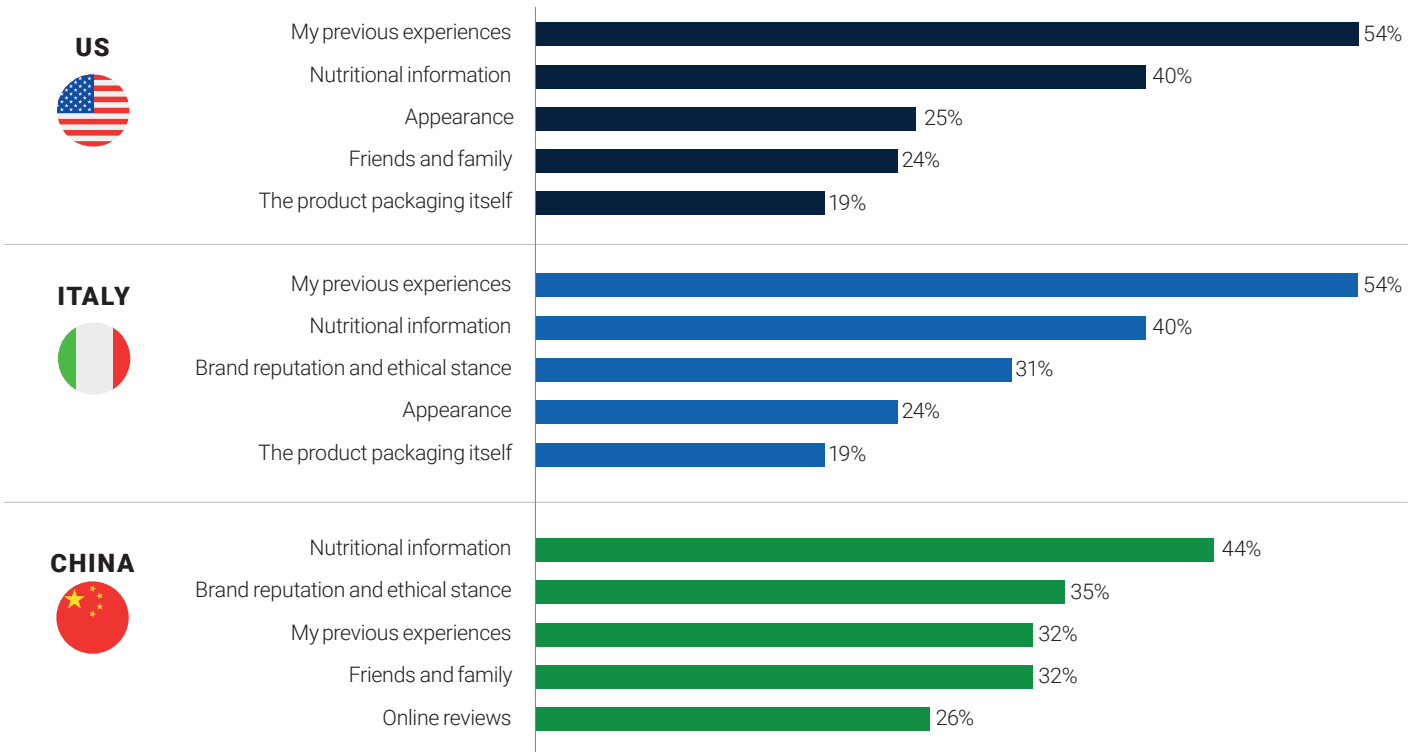
Evaluate the true impact – in terms of sales, margin, and share – of past health and wellness efforts. Based on the results, prioritize R&D and M&A strategies that make an actual impact instead of experimenting with small challenger brands. Focus on markets and regions with the greatest degree of unmet demand in your categories. Improve product quality to eliminate or minimize taste or performance trade-offs. Healthier won't play with consumers if products are meaningfully less enjoyable or effective.



## FOCUS ON THE AUTHENTIC

Health washing is out, as is playing fast and loose on obtuse on-pack claims and inauthentic brand messaging. Companies must bring honesty into their conversations with the consumer, both to avoid any possibility of confusion and because authenticity will shine through. Brand reputation is among the biggest purchase influencers of healthy items. Communication needs to be tailored by market and, therefore, understanding how consumer health and wellness desires and dynamics differ across markets is essential (figure 4).

**FIGURE 4: KEY DIFFERENCES BY MARKET AFFECTING CONSUMERS' PURCHASE DECISIONS**



Source: AlixPartners Health & Wellness Survey, conducted April 15 to May 4, 2021, across 6,064 adult consumers in China, France, Germany, Italy, the UK, and the US

A huge opportunity remains – winners will successfully accelerate the transition to a healthier product portfolio, mobilize their entire value chain behind the effort, and authentically communicate their health and wellness offering in the context of broader ESG goals.



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These are the moments when everything is on the line – a sudden shift in the market, an unexpected performance decline, a time-sensitive deal, a fork-in-the-road decision. But it's not what we do that makes a difference, it's how we do it.

Tackling situations when time is of the essence is part of our DNA – so we adopt an action-oriented approach at all times. We work in small, highly qualified teams with specific industry and functional expertise, and we operate at pace, moving quickly from analysis to implementation. We stand shoulder to shoulder with our clients until the job is done, and only measure our success in terms of the results we deliver.

Our approach enables us to help our clients confront and overcome truly future-defining challenges. We partner with you to make the right decisions and take the right actions. And we are right by your side. When it really matters.

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