Executive Insights

Personalized Nutrition: Riding the Tailwinds of Consumer Awareness

Personalized nutrition (PN) has long appealed to a small segment of consumers. But the confluence of several factors, including the ongoing pandemic, has increased awareness of PN, creating a potentially broader audience for brands that are able to address certain core challenges.

PN solutions are nutritional supplements that are assembled for an individual consumer based on some type of selection criteria — often technology-enabled — including surveys, DNA/biomarker tests or data gathered from wearable devices. They are generally sold on a subscription basis, and depending on the provider, may include ancillary services such as eating and exercise advice, weight management plans, or tracking apps.

L.E.K. Consulting recently conducted a survey of around 1,900 consumers to determine their awareness of PN solutions and test their level of interest in the overall category.

Beyond a COVID-19 bump

Consumer awareness of PN services was moderate pre-COVID-19, with only 39% of all respondents saying they had heard of the services prior to the pandemic. Even fewer (7%) said they had actually subscribed to a PN service, a statistic that may well be overstated. Awareness was higher among younger versus older population segments.[1] Awareness of individual PN brands or services was even lower than category awareness. Among the leading PN providers tested — Persona, HUM, Care/of, Vitagene, Thorne, Rootine and Baze — none garnered more than 20% recognition, an indication that there is plenty of opportunity to break away from the pack with the right brand strategy (see Table 1).

The advent of COVID-19 had a demonstrable effect on consumer awareness — and, more important, consumer interest. Of the respondents who were not aware of PN services prior to the pandemic, around 23% reported increased awareness due to COVID-19 (see Figure 1).

Overall, consumers say they are interested in tech-enabled PN solutions, with 78% expressing at least some interest[2] and 40% expressing high interest.[3] Younger population segments, who tend to be more comfortable with technology, were more likely to say they were interested in tech-enabled PN solutions, with close to 90% of 18-to-44-year-olds expressing some interest.[4]

Understanding the consumer mindset

As the pandemic upended life everywhere, many consumers became more concerned with health issues in general, with some embracing healthier lifestyles, including stress reduction, exercise

Personalized Nutrition: Riding the Tailwinds of Consumer Awareness was written by **Alex Evans** and **Geoff McQueen**, Managing Directors in L.E.K.'s Technology, Media & Telecom and Consumer Products practices, and **Emmie Schlessinger**, Engagement Manager, and **Samuel Chan**, Consultant, in the Health & Wellness practice. Alex and Geoff are based in Los Angeles, Emmie is based in Chicago and Samuel is based in New York.

For more information, please contact consumerproducts@lek.com.

L.E.K.

Table 1
Leading personalized nutrition brands

PN company	Founded	Pricing (upfront)	Pricing (monthly)*	Personalization methodology	Supplement focus
Baze	2014	$199 blood test	~$20-40	At-home blood test	Vitamins
BIOHM	2017	$129.99 gut test	$29.99-74.99	At-home gut test (stool)	Probiotics
care/of	2016	Free online survey	~$30-50	Online survey	Vitamins
HUM	2012	Free online quiz	~$20-60	Online quiz	Beauty nutrition supplements
ORIG3N	2014	$49 DNA test	$59	At-home DNA test	Vitamins
persona	2017	Free online assessment	~$30-50	Online nutrition assessment	Vitamins
rootine	2018	Free online lifestyle quiz plus optional $99 DNA and/or blood test	$69	Online lifestyle quiz/at-home DNA test and/or blood vitamin test	Multivitamins
VIOME	2016	$149 health intelligence test	$49	At-home health intelligence test (blood and stool)	Probiotics and prebiotics
vitaminlab™ The True Custom Vitamin	2017	Free plus optional $49 online lifestyle quiz**	~$40-80	Online lifestyle quiz OR upload lab/genetic test	Vitamins

*Except where a range is indicated, pricing generally refers to lowest-cost option (e.g., annual instead of monthly subscription, no add-ons)
**Customers had the option of uploading any lab/genetic test from the past year at no additional cost instead of taking the online lifestyle quiz
Source: Company websites, L.E.K. research

and better eating habits. This has resulted in a highly favorable environment for categories like PN, creating tailwinds that we believe will outlast the pandemic itself. Indeed, increased concern about health in general was the most important reason for increased interest in PN services due to COVID-19, cited by 48% of respondents.

Furthermore, COVID-19 and the vaccines developed to combat it have shined a spotlight on how differently people respond to illnesses and medical treatments. We see stories to this effect in the news on a daily basis. The idea that people are subject to differing health outcomes may be partially responsible for an increased interest in personalized medicine. Notably, a significant portion (43%) of respondents who attributed their increased interest in PN services to COVID-19 said the main reason was belief that PN solutions provide better results than generalized solutions.

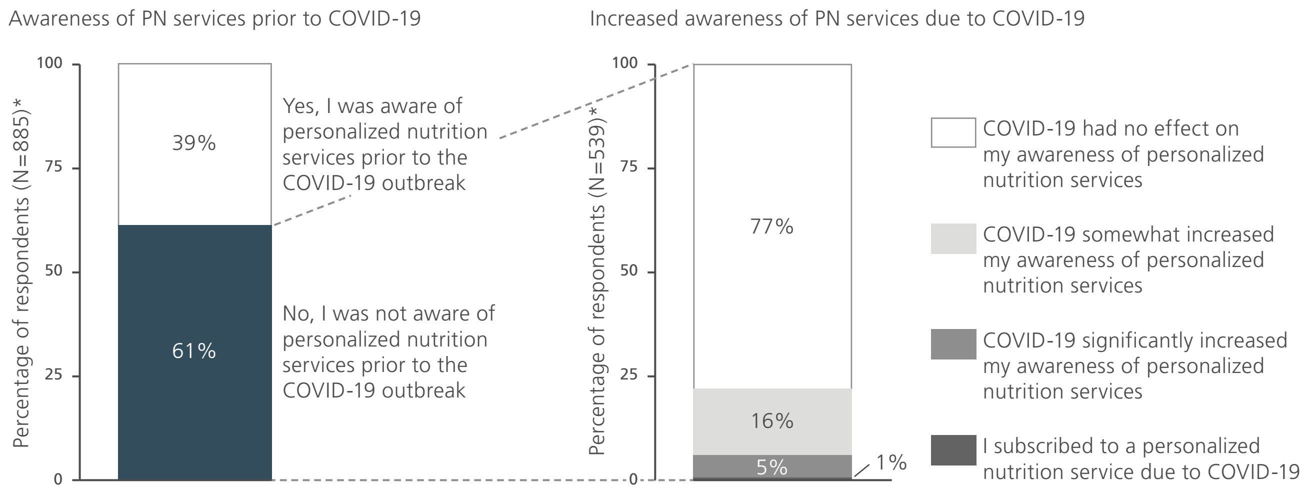
Interestingly, when asked to rank which sources of information were most helpful in making a purchasing decision, online reviews came out on top: a third (33%) of subscribers chose online reviews as their No. 1 source, compared with less than a quarter (23%) who chose physician or healthcare practitioner recommendations. This is a strong indication that peer reviews are a major source of influence in buying decisions within this category (see Figure 2).

Not everyone is sold on PN solutions. The largest barriers by far to consumer adoption of PN solutions are concerns about price and value. Among nonsubscribers, 38% said they had chosen not to subscribe because they didn't see the services as being worth the price, while the same number felt PN was simply too expensive (see Figure 3). A smaller percentage pointed to concerns about privacy or convenience as reasons to forgo PN services.

In order to probe a little deeper into the consumer mindset, we asked respondents to describe features of an ideal PN service. To avoid focus on cost, we asked them to assume the service

Figure 1

Respondents who became aware of PN due to COVID-19



Note: Due to rounding, numbers may not add up to 100%
*Survey questions: Q65: Were you aware of personalized nutrition services prior to the COVID-19 outbreak (March 2020)? Q69: To what extent did you learn about or become more aware of personalized nutrition services due to COVID-19?
Source: L.E.K. survey and analysis

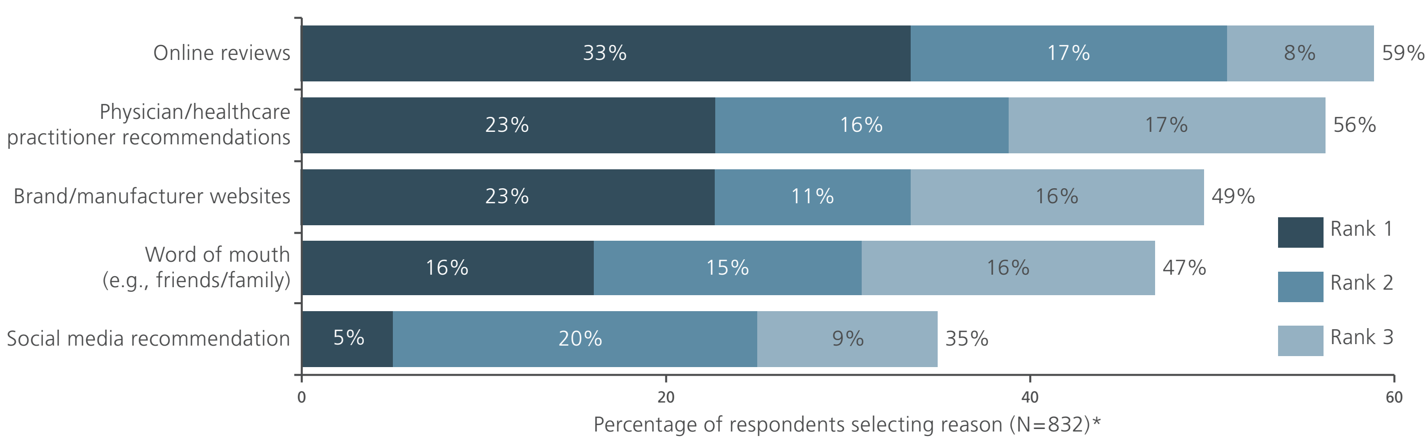
was available at an affordable price point. We found that the most commonly desired features were healthy meal/snack recipes (43%), a PN plan based on a questionnaire (34%), and personalized exercise advice and guidance (33%). These features provide insight into how brands can package their offerings so they are most appealing to customers.

Keys to success

While COVID-19 has ushered in greater consumer awareness of PN solutions and even raised interest in subscribing to PN services, the uptick is not sufficient to create an aggressive growth trajectory for the sector. Although we believe that both awareness and interest will outlast the pandemic, PN providers

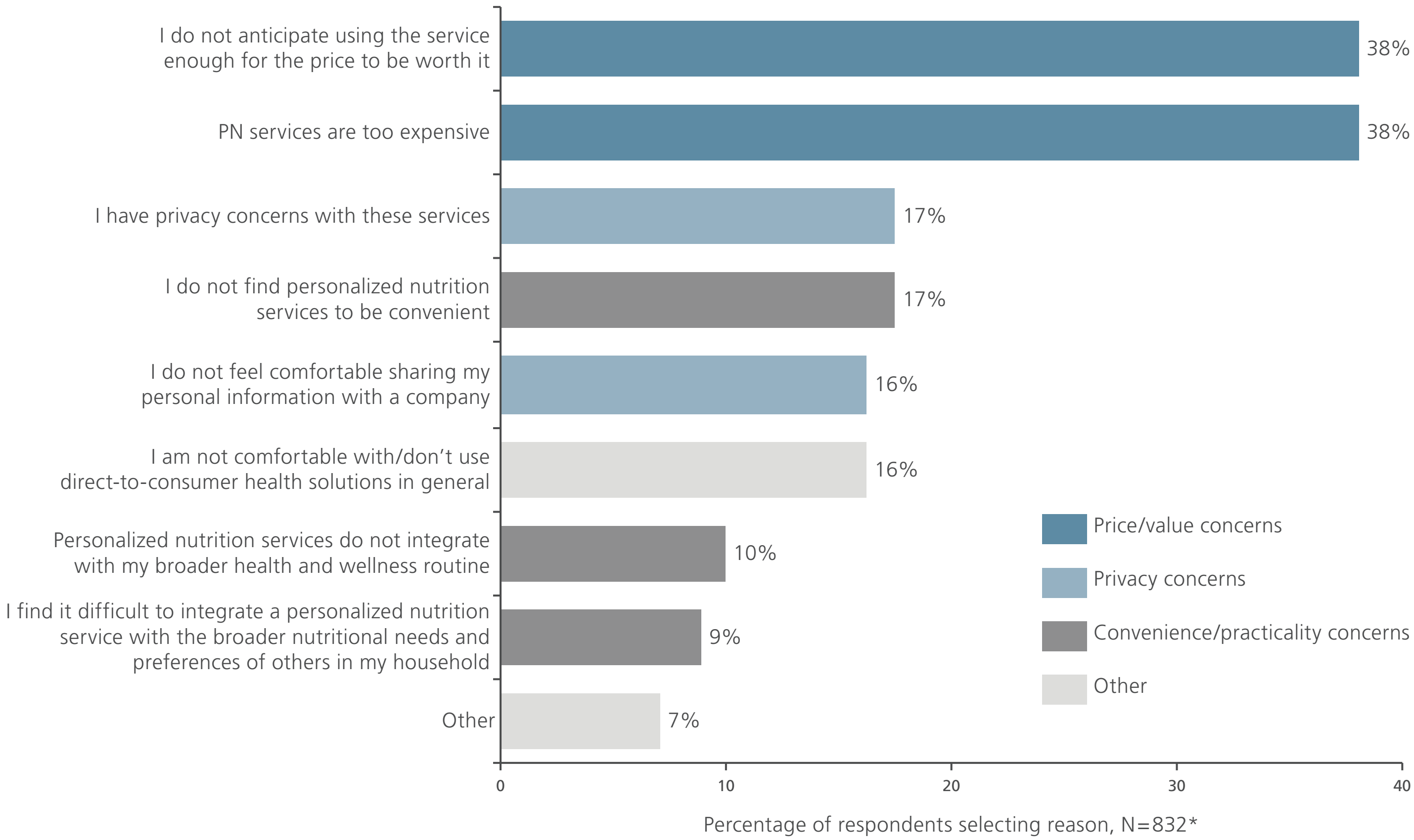
Figure 2

Reasons for subscribing to a PN service



Note: Due to rounding, numbers may not add up to the totals provided
*Survey questions: Q72: Which of the following sources were most helpful when you subscribed to a personalized nutrition service? (Please rank up to 3 sources based on which were most helpful.) Q65: Were you aware of personalized nutrition services prior to the COVID-19 outbreak (March 2020)? Q67: Did you subscribe to any personalized nutrition solution during the COVID-19 outbreak?
Source: L.E.K. survey and analysis

Figure 3
Reasons for not subscribing to a PN service



*Survey question: Q75: Which of the following best describes why you do not subscribe to a paid personalized nutrition service today?
Source: L.E.K. survey and analysis

still face ongoing challenges to broadening their customer base and significantly expanding adoption. Following are some guidelines to help players overcome obstacles and take advantage of current opportunities.

- **Double down on awareness.** While the sector experienced a so-called COVID-19 bump, awareness of the PN category is still relatively low. Consider communications initiatives that underscore the importance of personalization for better health outcomes.
- **Improve the price/value equation.** Many consumers stated that they aren't convinced that PN subscriptions are worth the price tag. But there are ways to raise the perceived worth of your service. Specifically, consider embedding features that consumers clearly value, including services like tailored recipes, eating plans and exercise guidance. If you can demonstrate tangible value, customers will be more willing to pay the price of personalization.
- **Address privacy concerns.** Fear about data privacy was a top deterrent to subscribing to a PN service. Make sure you can clearly demonstrate how you protect any consumer data shared with you for purposes of personalization, and feature these details prominently on your website.
- **Create a feedback loop that will emphasize results/benefits.** One of the challenges for the vitamins and supplements space in general is measuring outcomes. Unlike medications designed to target specific symptoms, PN regimens are often aimed at bettering overall health. Consider ways to demonstrate improved outcomes. An example in a related field, structured weight loss programs, is the weekly weigh-ins that demonstrate progress.
- **Increase convenience/ease of use of your service.** Keeping things simple will up the chances that more consumers will subscribe to your services. Most consumers find online quizzes a relatively simple way to provide customization

information. Online quizzes were also vastly preferred over more invasive forms of testing to achieve personalization.

- **Emphasize and solicit online reviews/testimonials.** Consumers place great store in online reviews according to our research, and tend to value them even above healthcare provider recommendations. Make it easy for consumers to access product reviews, feature testimonials on your website, and encourage customers to post reviews of their own.
- **Establish strategic partnerships.** Finally, forming alliances with certain organizations and related programs can help PN providers increase awareness of their services and expand distribution via existing member bases. Examples include direct-selling companies, structured weight management programs and fitness professionals.

To date, there are no clear leaders in the PN category, so now is the time to craft a winning strategy that will allow you to break away from the pack.

Endnotes

[1] This number includes ~47% among 18-to-44-year-olds, 33% among 55-to-64-year-olds, 26% among those 65 and older

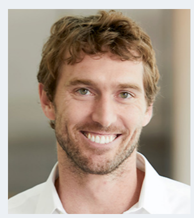
[2] "Some interest" is defined as a score of 4-7 out of 7

[3] "High interest" is defined as a score of 6-7 out of 7

[4] "Some interest" included 90% of 18-to-24-year-olds, 87% of 25-to-34-year-olds and 91% of 35-to-44-year-olds

About the Authors

Alex Evans, CFA, is a Managing Director in L.E.K. Consulting's Technology, Media & Telecom and Consumer Products practices, as well as the head of the firm's Los Angeles office and a member of the Americas Regional Management Committee. Alex focuses on consumer-facing sectors encompassing both retail and media and specializes in a diverse set of verticals, including health and wellness, direct selling, specialty retail, sports, television, film, and over-the-top TV (OTT)/direct-to-consumer (DTC) digital services.



Geoff McQueen is a Managing Director in L.E.K. Consulting's Technology, Media & Telecom and Consumer Products practices and is based in the firm's Los Angeles office. Geoff advises clients on growth strategies, international market expansion, new product launches, M&A and digital transformation. His expertise spans digital sports and OTT media, digital fitness, pricing, and live events strategies. Before joining L.E.K., Geoff spent five years with the Tampa Bay Rays.

Emmie Schlessinger is an Engagement Manager at L.E.K. Consulting. Emmie is a leader in the Health & Wellness practice, with experience working on a wide range of topics from vitamins to protein additives in food and beverage products to exercise equipment. She is based in Chicago, where she leads teams in developing practical recommendations for L.E.K.'s corporate and private equity clients.

Samuel Chan is a Consultant in L.E.K. Consulting's Health & Wellness practice and is based in the firm's New York office. Prior to joining L.E.K., Samuel was a corporate lawyer in New York, and has worked in the legal and financial services sectors in New York, Toronto and Hong Kong. He received his J.D. and MBA degrees from the University of Toronto.

About L.E.K. Consulting

We're L.E.K. Consulting, a global strategy consultancy working with business leaders to seize competitive advantage and amplify growth. Our insights are catalysts that reshape the trajectory of our clients' businesses, uncovering opportunities and empowering clients to master their moments of truth. Since 1983, our worldwide practice — spanning the Americas, Asia-Pacific and Europe — has guided leaders across all industries from global corporations to emerging entrepreneurial businesses and private equity investors.
Looking for more? Visit www.lek.com.