



The Customized Diet: Opportunities in Next-Generation Personalized Nutrition

For many individuals, maintaining an improved dietary regimen can be inordinately challenging. A recent *Washington Post* story, for instance, found that the vast majority (95%) of those using a run-of-the-mill weight-loss program eventually put back any pounds they'd initially shed. Part of the problem is that what constitutes a healthy diet for one person may be inadequate for another, due in large part to genetic differences from one individual to the next.

Enter personalized nutrition programs, which utilize information about an individual's genetic and metabolic characteristics to design a bespoke plan comprising specific foods and supplements. As an alternative to conventional, one-size-fits-all strategies, personalized nutrition allows consumers to be more disciplined about maintaining a healthier dietary regimen, whether using wearable gadgets for monitoring weight, height, heart rate and other data, or taking advantage of emerging services such as genetic profiling and gut-microbiome testing.

In this *Executive Insights*, L.E.K. Consulting looks at the conditions favoring further expansion of an already vibrant field.

Personalized dietary drivers

The recent growth of personalized nutrition services has been fueled by four key factors: increased demand for customized experiences, greater appreciation for healthier foods and better fitness, the ability to track health data on a DIY basis using wearable solutions, and ongoing breakthroughs in personalized or precision medicines (see Figure 1).

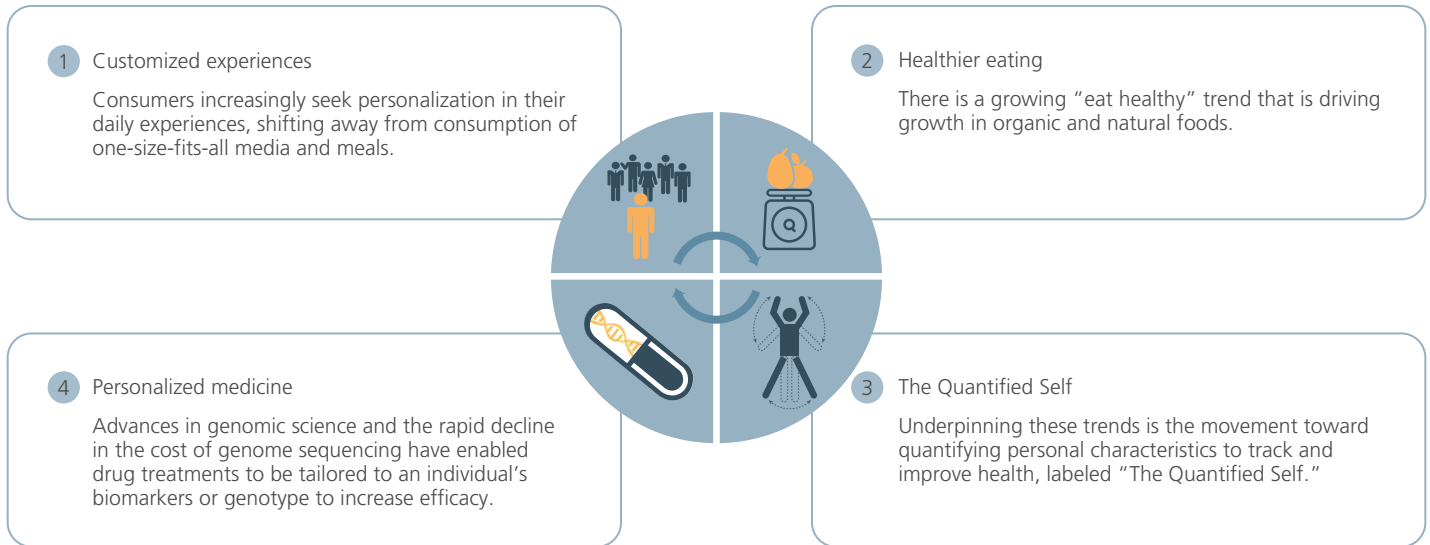
The tailored trend. Personalized nutrition is part of a broader trend toward customization found in segments such as food service (including meal customization offered by the likes of Chipotle and The Counter), as well as media (on-demand video and music platforms from Netflix, Spotify and others). Millennials in particular have shown less affinity for mainstream offerings and are therefore likely to be more receptive to these disruptive and/or customized brands and services.

Focus on healthier eating. Increased demand for organic/natural food products has also played a key role. Recent L.E.K. research found that some 70% of adults at least partially identify with health and wellness themes and/or purchase H&W-oriented products. Two-thirds of consumers currently report eating healthier than they have in the past, including purchasing natural food products in an effort to increase overall health and wellness (according to *Consumer Reports*, 83% of domestic consumers now regularly buy organic foods). With consumers becoming better informed about their dietary intake, demand for innovative health and wellness products is expected to maintain its present trajectory.

The Customized Diet: Opportunities in Next-Generation Personalized Nutrition was written by **Alex Evans**, Managing Director, and **Stephen Matthews**, Engagement Manager, in L.E.K.'s Retail practice. Alex and Stephen are based in Los Angeles.

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Figure 1
Personalized nutrition is at the convergence of four major trends



Source: L.E.K. Research and Analysis

Self-help solutions. Giving rise to the so-called Quantified Self Trend are wearable technologies such as health apps and fitness trackers, which provide information ranging from daily movements and sleep patterns to BMI and body-fat levels, allowing individuals to be better informed about their personal well-being. According to market research firm eMarketer, by the end of 2017 the number of wearable-device users is expected to approach 75 million, a threefold increase over the past three years alone; by decade’s end, over a third of Americans are expected to utilize watches, wristbands and other wearables in an effort to be more disciplined about their eating and fitness habits.

Personalized medicines. The dramatic decline in the cost of genome sequencing (which recently fell below the \$1,000 mark) over the past 10-15 years has made personalized or precision medicines — including pharmacogenomic therapies that target an individual’s specific biomarkers or genotype — increasingly practical for consumer applications. Companies such as San Diego-based **Pathway Genomics**, which offers complete genetics testing along with tailored dietary plans/nutritional recommendations for several hundred dollars, represent the leading edge of this movement.

Program options

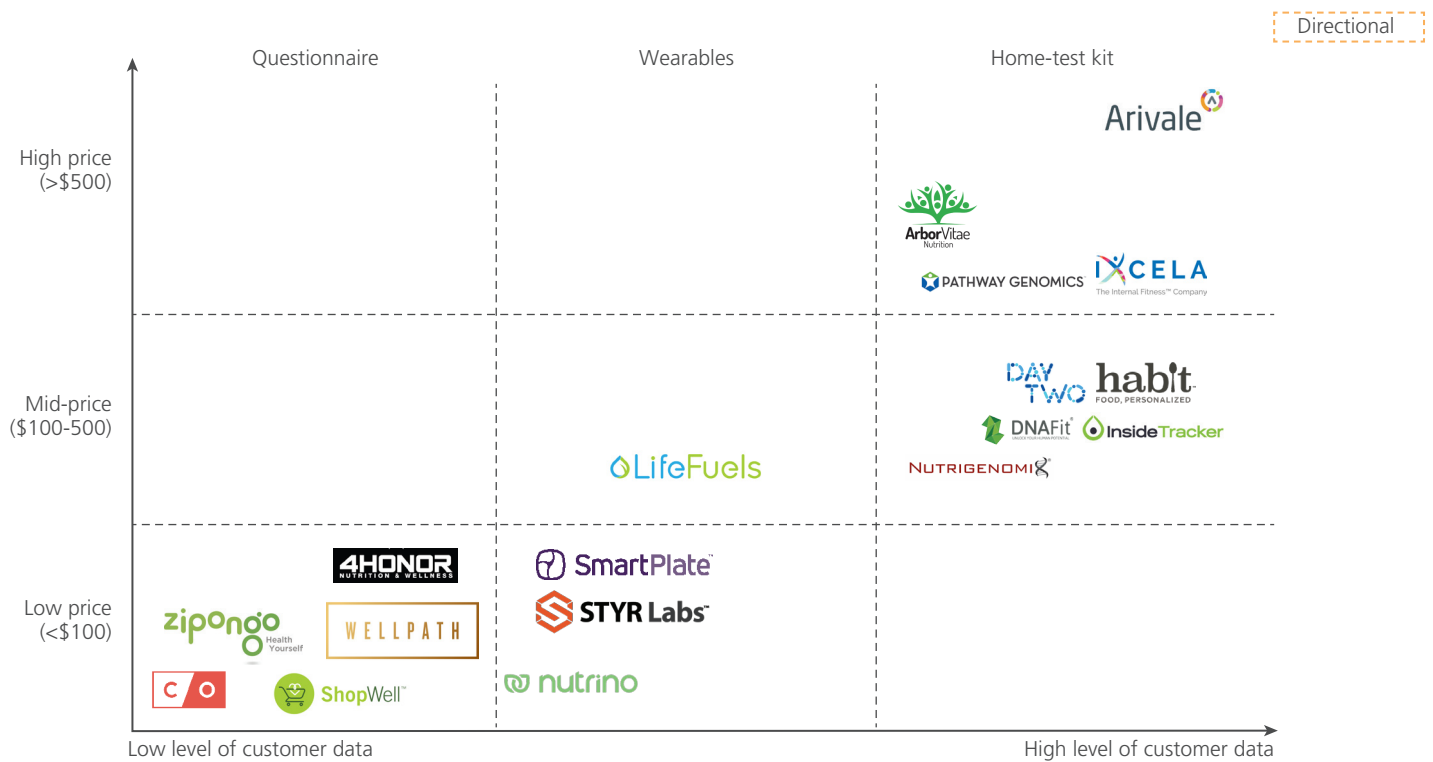
A number of different protocols are used to gather information on the patient and subsequently devise an individualized nutritional treatment plan. These include online questionnaires for determining a person’s weight, height, frequency of exercise, program expectations and other data; wearable solutions that monitor the user’s fitness, health and nutritional status; and home-test kits that measure a person’s biomarkers in order to address nutritional deficiencies.

Providers such as **WellPath**, **ShopWell** and **Zipongo** use questionnaires to compile information such as food preferences/allergies, dietary supplements being used and personal health statistics. Questionnaire-based plans average around \$50 and include one-off supplement or food-based subscription plans (WellPath, for instance, offers a one-month supply of personalized shakes and vitamin blends for \$40-\$50). Though relatively inexpensive, online questionnaires are considered the least effective at providing data needed to establish a viable nutritional program.

Wearable devices, on the other hand, offer a broader and more accurate depiction of a person’s health and physical activity, including calorie intake and heart rate as well as sleep patterns, stress levels and other important data. Pricing for tailored tracking

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Figure 2
Price and complexity of offerings within the next-generation personalized nutrition market



Source: L.E.K. research and analysis

Note: Arivale uses a combination of home-test kit, wearable tech and questionnaire. WellPath uses an online questionnaire but becomes more expensive and complex when paired with third-party wearable technology and saliva testing.

services using wearable technologies ranges from around \$70 for **STYR Labs'** supplement-based program to \$200 for **LifeFuels'** Smart Nutrition Bottles with a 10-pack of FuelPods containing a choice of water enhancers, vitamins and supplements.

Even more comprehensive are at-home test kits, which focus on the link between nutrition-related biomarkers and genetic variations in DNA in order to establish a bespoke food and nutrient program on behalf of the client. In addition to the customized genetics testing/meal planning offered through the likes of Pathway Genomics, companies such as **Arivale** and **DNAFit** provide additional services that include certified coaches and meal deliveries as part of the treatment plan. Home-test kits have a much wider pricing dispersion, from a low of \$40 for an entry-level supplement-based program to \$3,500 for Arivale's comprehensive year-long wellness plan, including a personal coach, genetic analysis, an activity tracker, a wellness dashboard and other features.

Food for thought

Despite a number of obstacles (low consumer awareness, prevalence of one-size-fits-all solutions, etc.), the market for next-generation personalized nutrition remains on track, as newer companies join the field and consumers are increasingly drawn to individualized nutritional goods and services (see Figure 2).

These factors bode well for personalized nutrition going forward, making it a particularly attractive prospect for a number of participants. Those that stand to benefit include:

- **Food and beverage brands:** Allow companies to connect with consumers seeking new holistic nutritional solutions, while providing larger manufacturers opportunities to invest in disruptive food start-ups
- **Nutritional supplement companies:** Serve as a viable growth channel as well as the means to achieve ongoing regulatory compliance

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- **Weight-loss programs/multilevel marketers:** Personalized-nutrition solutions give consultants/distributors a powerful tool for customizing meals and supplement programs on behalf of their clients
- **Gyms/fitness centers:** Help facilities achieve overall-wellness status in order to further incremental revenue streams
- **Grocery stores/specialty nutrition centers:** Encourage the formation of new partnerships for the purpose of bringing more holistic nutrition solutions to the marketplace

About the Authors



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