EXECUTIVE INSIGHTS

Fueling the Future: Why Active Nutrition Is the Next Big Bet

The active nutrition market is rapidly outpacing other segments of the nutritional supplement industry, driven by the rising consumer focus on strength training, innovative flavors and a boom in GLP-1 usage for weight loss. These factors are converging to create a powerful wave of growth, making active nutrition products increasingly popular among both fitness enthusiasts and general consumers seeking health benefits. With strong growth ahead and an influx of new customers, the active nutrition market is at a critical inflection point, offering a unique opportunity for investors to acquire high-potential, differentiated brands.

The reasons behind this growth are clear. Here's why active nutrition is an investment worth considering:

- Active nutrition (e.g., protein powder, preworkout, creatine) is a large and fast-growing segment of the nutritional supplements market
- Several enduring factors are powering its continued growth, which is outpacing that of other nutritional supplements
- To access the active nutrition market, potential investors have numerous viable acquisition targets from which to choose

As consumers continue their quest for improved physical health, one segment of the nutritional supplements market has been picking up speed and pulling ahead of the pack: active nutrition.

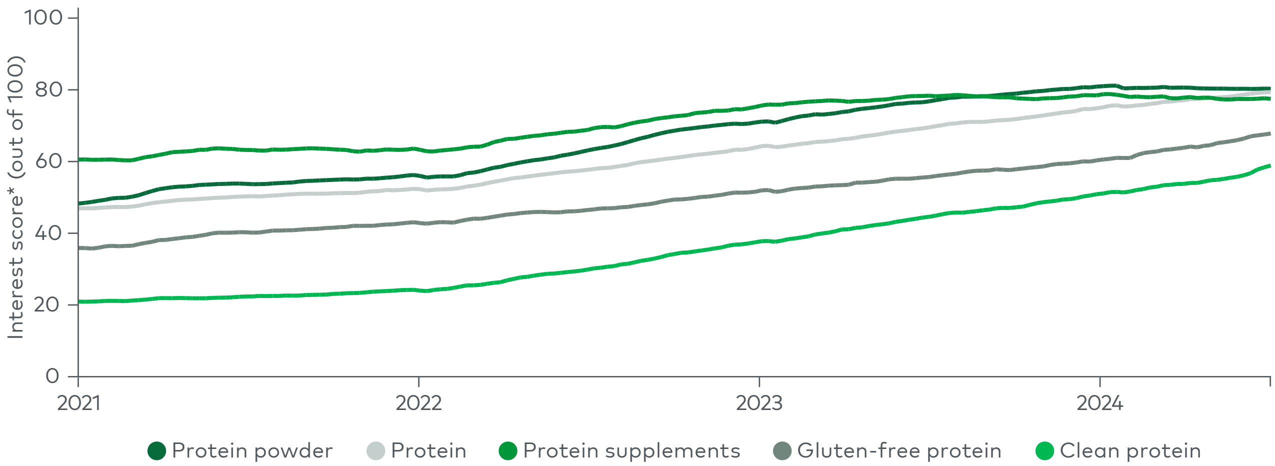
Greater consumer focus on strength training is leading to the need for active nutrition products that span the workout life cycle. This, combined with brands' efforts to innovate on flavors and formulations — and a massive surge in the use of glucagon-like peptide 1 (GLP-1) receptor agonists for weight loss — has stimulated consumer interest in and usage of active nutrition products and supplements. The result is a forecast for strong growth in the active nutrition segment through at least the next three years, and with it, an urgent opportunity for investors in consumer brands.

Active nutrition has pulled ahead of the pack

In the U.S., the active nutrition market — which encompasses a diverse array of products such as preworkout blends, creatine and protein powders — accounted for some 15% of the broader dietary supplement market, or nearly $10 billion,[1] according to the Nutrition Business Journal. Consumer interest in active nutrition products, proxied by interest in protein supplements, has shown consistent growth since 2021 (see Figure 1).

Figure 1

Google search traffic trends for protein and protein types (January 2021-June 2024)



*Last 52-week rolling average; each search term's interest score is indexed based on the highest weekly interest level observed over the time period specific to that search term

Source: Google search trends; L.E.K. research and analysis

The four factors powering active nutrition

The active nutrition segment is fast-growing and continues to demonstrate healthy growth post-COVID-19, rising 8.5% in 2023[2] while other nutritional supplements logged more modest gains due to a combination of post-COVID-19 normalization and record-high inflation. Herbs and botanicals, for example, rose 3.8%; minerals were up 2.3%; and vitamins gained just 0.5%.

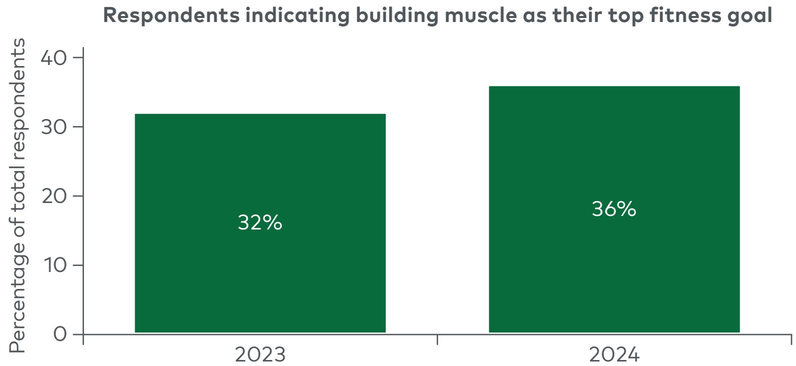
The Nutrition Business Journal is forecasting continued high-single-digit growth[3] in active nutrition through 2027. Supporting this continued growth are four notable factors.

1. **Consumer interest in strength training continues to increase,** as consumers see the short- and long-term benefits of incorporating it into their workout routines, and strength training naturally lends itself to the consumption of active nutrition products. Life Time

Fitness's annual health and wellness surveys show **building muscle as the top fitness goal**[4] for members, ahead of all other health and wellness goals and growing in popularity from 2023 to 2024 (see Figure 2).

Figure 2

Top fitness goals — Life Time Fitness 2023 and 2024 annual health and wellness surveys

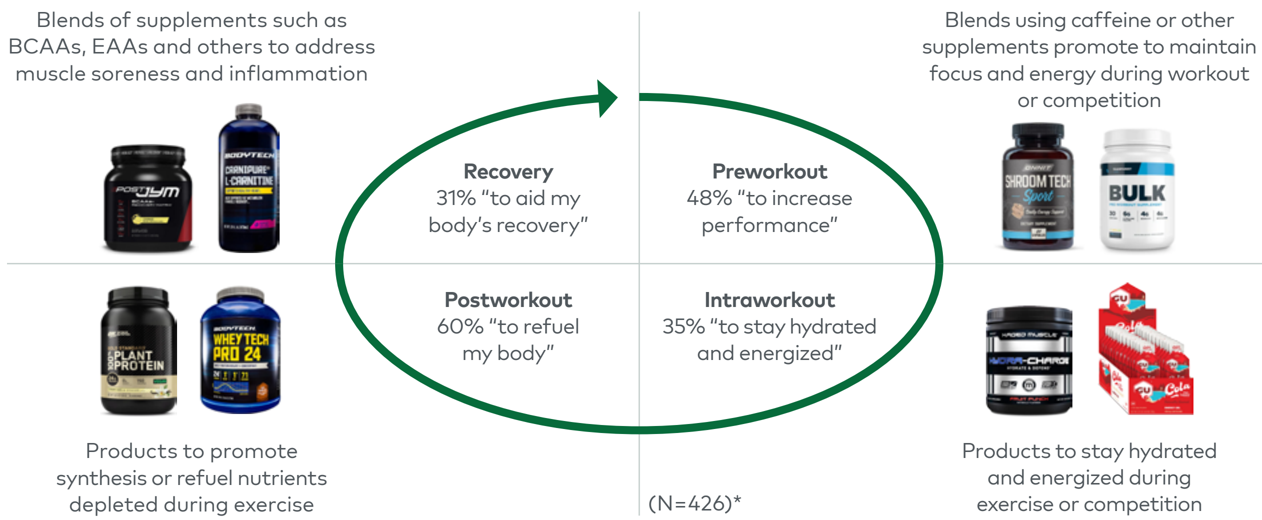


Source: Life Time Fitness survey; L.E.K. research and analysis

2. **Within active nutrition, products such as preworkout and recovery-related supplements span the life cycle of a workout,** which creates multiple usage opportunities (e.g., preworkout and postworkout) for consumers. Indeed, L.E.K. Consulting's 2023 Active Nutrition Consumer Survey found that **57% of active nutrition consumers indicated using products for two or more "occasions," driving higher spend** and enabling brands to increasingly monetize their existing consumers by developing adjacent products (see Figure 3).

Figure 3

Active nutrition consumer product usage by occasion



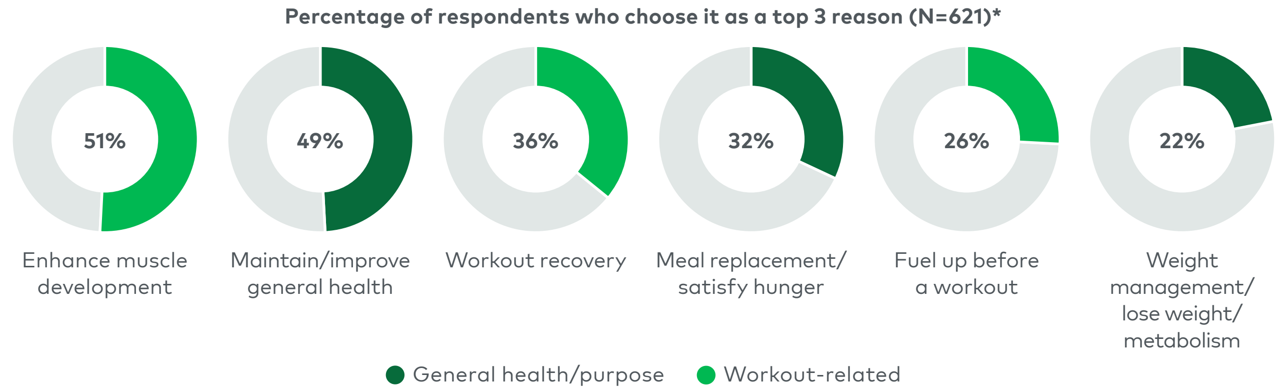
*Survey question: When do you typically consume Sports Nutrition products? (Select all that apply); sports consumers are defined as having purchased protein powder/drinks/bars/creatine, pre/post workout (does not include energy drinks, other nonprotein beverages or meal replacement bars) in the last 12 months and consuming the product at least once a week

Note: BCAAs=branched-chain amino acids; EAAs=essential amino acids

Source: L.E.K. 2023 Active Nutrition Consumer Survey

3. **Active nutrition product benefits are expanding beyond the workout life cycle to support general health and wellness,** helping broaden the active nutrition customer base beyond hardcore athletes. In our 2024 Protein Powder Consumer Survey, "maintain/improve general health" was the No. 2 reason for taking protein powder, just behind "enhance muscle development" (see Figure 4).

Figure 4
Top reasons for consuming protein powder



*Survey question: Which of the following reasons best describes why you consume protein powder?
Source: L.E.K. 2024 Protein Powder Consumer Survey

Meanwhile, **creatine has been one of the hottest ingredients/products within active nutrition.** According to SPINS,[5] 52-week brick-and-mortar sales of creatine products nearly doubled in each of the past two years. In addition to its traditional association with exercise performance enhancement, **brands are marketing its other benefits, such as mood and cognitive health.**

4. **Better flavors and specialty formulations broaden the appeal of active nutrition products,** expanding the customer base and making these products more accessible to mainstream consumers. There are now numerous examples of **protein powder brands collaborating with well-known consumer brands for new flavors** (e.g., Ghost and Cinnabon, Ryse and Country Time Lemonade, Axe & Sledge and Icee) **as well as brands tailoring formulations to consumer dietary restrictions or preferences** (e.g., plant-based, dairy-free).

Increasing usage of GLP-1s amplifies active nutrition growth drivers, resulting in additional market opportunity

While GLP-1R agonists have been used to treat Type 2 diabetes for nearly two decades, off-label usage of semaglutides (e.g., Ozempic, Wegovy) for obesity/weight loss has triggered a new wave of interest in GLP-1s. Around 5.6 million Americans were prescribed a semaglutide medication in 2023, a fortyfold rise over the prior five years, according to Epic Research.[6] The research also notes that just 58% of semaglutide drug prescriptions in 2023 were to people with Type 2 diabetes, down from more than 90% in 2018. Morgan Stanley Research[7] analysts expect their usage to increase, estimating that 24 million people, or 7% of the U.S. population, will be taking weight loss drugs by 2035. Ultimately, the rise in the use of GLP-1 drugs to support patients with their weight loss has an amplifying effect on each of the aforementioned growth drivers of the active nutrition market.

- Clinical trials such as one noted by UCLA[8] suggest that rapid weight loss from Ozempic can lead to loss of muscle mass, while according to the National Library of Medicine[9] the weight loss observed in a clinical study trial of semaglutide was attributable to losses of both fat and lean mass, with approximately 40% of weight loss reported to be fat-free mass. The loss in muscle mass can further drive consumer interest in strength training and associated spend on active nutrition products.
- As GLP-1 users look to maintain muscle mass and caloric intake, a range of active nutrition products can support their expansion of use beyond workout recovery.
- The effect of GLP-1s' suppression on appetite may result in a deficiency of key nutrients, such as protein. Suppression of appetite via GLP-1s, coupled with the increasing consumer interest in protein, supports growth in active nutrition products such as ready-to-drink proteins and protein supplements beyond workout support for general wellness.
- As GLP-1 users turn to active nutrition products, this new customer base will likely look for familiar, good-tasting flavors and products targeted specifically to their needs, such as Pure Protein's new "All in One Protein Powder,"[10] which contains fiber, protein and vitamins. As Pure Protein's brand director has noted, consumers — particularly those taking GLP-1s — are looking for "simplified yet effective solutions to help them achieve their health and fitness goals."

Overall, the rising prevalence of GLP-1 use highlights an opportunity for players in the active nutrition market. Among retailers, there is evidence of a concerted effort focused on meeting the evolving needs of their consumer base, such as The Vitamin Shoppe's launch of Whole Health Rx,[11] a telehealth service that connects users with providers to help them access GLP-1 medications for weight management. Active nutrition brands and retailers that capitalize on the second-order effects of the increase in GLP-1 use will be poised for growth.

Acquisition opportunities abound

Together, the surge in consumer focus on strength training, a range of new flavors and formulations, and the tailwinds created by the explosion in the use of GLP-1s are a clarion call to companies and/or investors looking to participate in active nutrition. And there's no shortage of emerging/independent companies to consider as acquisition targets.

Here are some key considerations for investors as they evaluate potential individual targets:

- **Product mix.** Does the brand have a meaningful presence in large, faster-growing product segments within active nutrition? How have the brand's sales performed relative to the market's growth?
- **Channel mix.** Has the brand demonstrated an ability to successfully expand to retail?
- **Consumer target.** Who is the brand's core consumer, and how large is that cohort? Also, how attractive is that cohort (e.g., high usage, willingness to pay, brand stickiness)?
- **Brand affinity.** Has the brand demonstrated high consumer affinity (e.g., Net Promoter Score, repurchase rates)?

Given the low barriers to entry in certain product categories within active nutrition (e.g., protein powder), brands should also have a demonstrable point of differentiation, such as ingredients or formulations, flavor profile, or marketing/distribution advantage, in order to be considered a truly attractive acquisition target.

An active investment opportunity

With usage opportunities that span the workout life cycle and beyond, an ever-greater number of flavors and formulations, the halo effect of GLP-1s, and the continued rise of strength training, the time is now for investors to take advantage of the opportunity that active nutrition products present.

For more information, please contact us.

Endnotes

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