

Health and Wellness Food Market



Fig 1. Global health and wellness foods market size



According to the report by Research and Markets, the health and wellness foods market in the US was estimated at \$279.1 billion in 2021.



Global Outlook

According to a report by Research and Markets, the global health and wellness food market size was \$104.3 billion in 2021 and is projected to grow at a CAGR of 9.2% reaching \$162.1 billion by 2026. The increasing number of people who are changing their eating habits and adopting a healthy nutritional diet and active lifestyle is a key factor contributing to the health and wellness food market growth. People across the globe are understanding the importance of a balanced diet, exercise, and regular physical activity, which is leading to the growth of the market.

In addition, the rising number of product offerings in plant-based beverages is also supplementing market growth. Plant-based beverages are widely considered to be healthy and can provide immune support and lessen inflammation. However, factors such as the high price of health foods may hamper the market growth.



Regional Segmentation

According to the report by Research and Markets, the health and wellness foods market in the US was estimated at \$279.1 billion in 2021. The country currently accounts for a 35.3% share in the global market. China is forecast to reach an estimated market size of \$124.6 billion by 2026 with a CAGR of 8.3% through the forecast period of 2021-2026. Among the other noteworthy geographic markets are Japan and Canada, each forecast to grow at 4.2% and 5.8%, respectively, over the forecast period.

Within Europe, Germany is forecast to grow at a 4.3% CAGR while the rest of the European market is expected to reach \$133.2 billion by the end of 2026.

Developed markets such as North America and Europe dominate market growth. Health and wellness foods are inherently premium products, and the higher disposable incomes in the developed markets of North America and Europe, as well as the higher consumer awareness in such markets have resulted in the larger shares of these regions. Developing markets in Asia-Pacific such as China and India hold the highest growth potential, due to growing consumer awareness and increasing disposable incomes in these markets.



UK Health Food Market

Recently, market research company Nielsen and retail trade journal The Grocer looked at the fastest-growing products in UK supermarkets and drilled down into the numbers to identify which lifestyle trends are impacting UK consumers' food and drink choices.

They found that vegan, vegetarian, and flexitarian are not just buzzwords; they are making their mark on sales. Meat-free products fuelled the extra £41.9 million spent on chilled ready meals. Brits are also eating more vegetables. Volume sales rose by 1.4% while meat fell by 0.3%. Consumers want healthy food, and this is reflected in the numbers: 'free-from' is now the UK's fourth fastest growing category by absolute value (£200.3 million) while sports nutrition is the fastest growing category by percentage, up 20.8%.

"The food and drink we eat and the way we consume it is changing," says Adam Leyland, editor of The Grocer. "Paradoxically, we're getting fatter but healthier. Consumers are drinking and smoking less and embracing healthier options like low-calorie drinks and ice cream, but they are also indulging more in treats and snacks and takeaways," added Leyland.

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Growth of Better for You Foods

Better-for-You (“BFY”) products are especially gaining prominence due to their positive health benefits. Increased fears of adverse effects of the coronavirus in vulnerable populations such as pregnant women, diabetics and the elderly led to rise in demand better-for-you products in countries across the world.

According to Research and Markets, in the global Better-for-You foods segment, the US, Canada, Japan, China and Europe will drive the 4.8% CAGR estimated for this segment during the forecast period of 2021-2026. These regional markets accounting for a combined market size of \$115.2 billion in 2020 will reach a projected size of \$160.5 billion by 2026. China will remain among the fastest growing in this cluster of regional markets.

Led by countries such as Australia, India and South Korea, the market in Asia-Pacific is forecast to reach \$13.7 billion by 2026, while Latin America will expand at 6.3% CAGR through the forecast period.



Distribution Channel Insights

The e-commerce boom has effectively provided strong headwinds to online retail sales of health food products. After the onset of the pandemic, key manufacturers are more actively tapping popular e-commerce platforms with a mix of attractive discounts, robust sales and support and an enhanced shopping experience for consumers. This factor is predicted to support online platforms to emerge as one of the fastest-growing distribution channels across the globe.

Supermarkets/hypermarkets are currently the leading distribution channel for health foods and beverages. These giant retailers are further augmenting their market penetration by targeting underserved locations, offering distinct retail shelves to superior nutritional products, and developing a bundling strategy for such products.



Demand for Functional Dairy Products

Increased consumer inclination towards aiding digestive health has contributed to raising the demand for prebiotics and probiotics dairy products. The higher affordability of functional dairy products such as yogurt is further boosting its demand across developing economies where per capita income and spending on health food products are comparatively lower.

The cereal and grain segment is another important segment that is generating the highest revenue after functional dairy products. The fortification of cereals and grains is one of the most effective methods to tackle nutrient deficiencies. Governments and regulatory authorities across the world have been taking initiatives to address the growing concern of nutrient deficiencies with fortified foods. The addition of iodine in salt, vitamin D in milk and vitamin B and iron in flour and bread are some examples of food fortification. In June 2022, for example, the UK government announced mandatory fortification of flour with folic acid (Vitamin B9) to prevent congenital disabilities of the brain and spinal cord, called neural tube defects.

The demand for functional fats and oils is rising at a steady pace as they are major ingredients in the preparation of a variety of cuisines across the globe. Moreover, the increased awareness regarding the health benefits of functional fats such as Omega-3 fatty acids is aiding the product segment sales.

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Innovation and New Product Development



Increasing research and development activities to introduce innovative health foods and beverage products are leading to growth in the global health food market. Companies are creating products that suit growing consumer needs. Manufacturers are developing functional confectioneries such as gummies and toffees for children, nutrition bars and functional drinks that attract fitness enthusiasts and consumers looking for quick nutrition. Consumers are also increasingly becoming aware of their digestive health, driving innovation in probiotic product offerings.

-Economic Impact of Coronavirus-

The COVID-19 pandemic has created the biggest global crisis in generations, sending shock waves through health systems, economies, and societies around the world. Faced with an unprecedented situation, governments are focused on bringing the pandemic under control and reviving their economies.

Consumer Demand

Consumers have remained surprisingly resilient as the COVID-19 pandemic pushed inflation to 40-year highs, made certain goods scarce and upended the job market. But now a geopolitical storm in the form of Russia’s invasion of Ukraine is testing anew their appetite and ability to spend.

Energy and food prices, both key forces behind inflation, may be pushed even higher by the escalating Russia-Ukraine conflict. That will ripple back to households across Europe and the US, where shoppers have already faced sticker shock on everything from cars to avocados. In addition, borrowing costs have already begun to rise as central banks pare back emergency pandemic stimulus.

“We are entering recession-like spending behaviour without a recession,” said Marshal Cohen, chief retail industry adviser at NPD Group, describing a phase when consumers begin to think twice about making purchases.

According to the IMF’s latest World Economic Outlook update, inflation is expected to remain elevated for longer than in the previous forecast, driven by war-induced commodity price increases and broadening price pressures. For 2022, inflation is projected at 5.7 percent in advanced economies and 8.7 percent in emerging markets and developing economies—1.8 and 2.8 percentage points higher than projected in the January World Economic Outlook update. Although a gradual resolution of supply-demand imbalances and a modest pickup in labour supply are expected in the baseline, easing price inflation eventually, uncertainty again surrounds the forecast. Conditions could significantly deteriorate. Worsening supply-demand imbalances— including those stemming from the war—and further increases in commodity prices could lead to persistently high inflation, rising inflation expectations, and stronger wage growth. If signs emerge that inflation will be high over the medium term, central banks will be forced to react faster than currently anticipated—raising interest rates and exposing debt vulnerabilities, particularly in emerging markets.

High Global Inflation

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Impact on Health Food Market

The COVID-19 pandemic has had a significant impact on the health food industry. Due to the uncertainty, consumer purchasing patterns have changed as consumers have become more aware of the importance of a strong immune system, resulting in a preference for healthy foods. Moreover, following the epidemic in 2020, there has been a paradigm shift in the food industry with consumers beginning to buy more health foods and nutritional products as a preventative health measure. There are certain key players that have experienced increased demand for health foods; for example, a US based consumer goods company revealed that it has experienced an increase of 8% in net sales. This shift in mindset is expected to continue to fuel the market's future growth.

UK Economic Forecast

Britain faces slower economic growth and more persistent inflation than any other major economy next year, as part of a broader decline in global growth prospects, according to the International Monetary Fund's latest forecast.

The IMF warned Russia's invasion of Ukraine was amplifying inflation pressures that were already present across Western economies, squeezing living standards and growth.

"Consumption is projected to be weaker than expected as inflation erodes real disposable income, while tighter financial conditions are expected to cool investment," the IMF said about Britain.

The IMF cut its forecast for British gross domestic product growth this year to 3.7% from January's forecast of 4.7%, while for 2023 the growth rate was almost halved to 1.2% from 2.3%. The projected growth for Britain next year is lower than for any other major advanced economy and below the 1.8% forecast from Britain's Office for Budget Responsibility.

Global Economic Forecast

According to the latest IMF World Economic Outlook update, global growth is projected to slow from an estimated 6.1 percent in 2021 to 3.6 percent in 2022 and 2023. This is 0.8 and 0.2 percentage points lower for 2022 and 2023 than in the January World Economic Outlook update. Beyond 2023, global growth is forecast to decline to about 3.3 percent over the medium term.

Crucially, this forecast assumes that the conflict remains confined to Ukraine, further sanctions on Russia exempt the energy sector (although the impact of European countries' decisions to wean themselves off Russian energy and embargoes announced through March 31, 2022, are factored into the baseline), and the pandemic's health and economic impacts abate over the course of 2022. With a few exceptions, employment and output will typically remain below pre-pandemic trends through 2026. Scarring effects are expected to be much larger in emerging markets and developing economies than in advanced economies—reflecting more limited policy support and generally slower vaccination—with output expected to remain below the pre-pandemic trend throughout the forecast horizon.

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Unusually high uncertainty surrounds this forecast, and downside risks to the global outlook dominate—including from a possible worsening of the war, escalation of sanctions on Russia, a sharper-than-anticipated deceleration in China as a strict zero-COVID strategy is tested by Omicron, and a renewed flare-up of the pandemic should a new, more virulent virus strain emerge. Moreover, the war in Ukraine has increased the probability of wider social tensions because of higher food and energy prices, which would further weigh on the outlook.

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