WARC analysis shows healthcare emerging as an e-commerce growth engine as sales increase 20% on Amazon

- US Sales of vitamins, minerals and supplements, a $40bn sub category, have grown 38% on Amazon
- Globally, pharma and healthcare ad spend is the third fastest-growing product segment behind only financial services and technology & electronics
- US advertising spend on pharma and healthcare forecast to reach $34.6bn in 2024

WARC Digital Commerce releases latest Category Insights: Healthcare products report

16 January 2024 – Over the past three years, healthcare has emerged as an e-commerce growth engine. Sales among top categories such as vitamins and OTC remedies, diet, and oral care rose over 20% year over year, according to WARC analysis of Amazon sales data from Perpetua.

Per WARC Media global advertising spend forecasts for 2024, pharma and healthcare is the third fastest-growing product segment (+11.0% to $71.1bn) behind only financial services (+11.5%) and technology and electronics (+11.3%). In the US, advertising spend on pharma and healthcare is set to reach $34.6bn this year (+16.7% YoY).

While healthcare is a traditional TV-centric spender, digital formats now attract over half of that segment’s advertising allocations.

Gregory Grudzinski, Report Editor, WARC Digital Commerce, says: “Spending on healthcare is often an area consumers don’t cut back on and the expected rise in consumer spend has turned the category into a highly competitive area for advertisers.

“Nearly 240 million people in the US currently use OTC medicines, according to research by the Consumer Healthcare Product Association. This coupled with an aging population, a soft economy, and rising healthcare costs, bodes well for the future of the category.

“In this report we explore retail and consumer trends, and track brand performance using proprietary data from the WARC dComm Index as well as Perpetua’s Prism data to unlock why the winners are winning and what challengers must do to unseat them.”

Key insights outlined in the report, which focuses on vitamins, minerals and supplements, over the counter (OTC) healthcare, and the diet and sports nutrition segments, include:
• Vitamins, minerals and supplements are a $40bn sub category which has shown significant year-on-year growth on Amazon. Sales in the US are up by 38%, with vitamins (+6.81%) and herbal supplements (+6.34%) leading the charge.

• Amazon, Walmart and Costco are among the retail companies building partnerships with health insurers and medical service providers to capture a larger share of the healthcare consumer’s dollar online and off. Amazon and Walmart have both seen over 35% growth in the category since Q2 2020.

• Consumers view health and wellbeing products as essential. Whilst two thirds (66%) report experiencing financial struggles, 80% expect to increase or maintain their spend on health and wellness products and services.

• Millennials are prioritizing their health and wellness more than any other generation. They are, however, dissatisfied with the range of products currently available on the market.

• Approximately 60% of Black consumers in the US are prioritizing their wellness more. At the same time, they are three times more likely to be dissatisfied with skin care products, compared to non-Black consumers.

• The US population aged 65 and over, a key audience for healthcare products, grew nearly five times faster than the total population in recent years. This is likely to be a key driver of category growth for years to come.

• According to WARC Digital Commerce dComm Index, the top-selling healthcare brands on Amazon are: #1 Garden of Life with $10.6m average weekly sales in vitamins, minerals and supplements. #2 Liquid I.V. at $6.7m weekly sales, 98% of which are in the diet and sports nutrition segment. #3 Optimum Nutrition records $5.5m weekly sales.

WARC’s Category Insights: Healthcare Products report in full is available to WARC Digital Commerce members. A WARC podcast on the report is available from today.

The report is part of a series of reports published twice quarterly that explore the current state of a product category and brand performance using proprietary WARC Digital Commerce dComm Index data. Each report includes actionable insights supported with evidence, examples and expert opinion.

Healthcare follows the publication of Beauty & Personal Care. A complimentary sample copy is available to all here.

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**WARC Digital Commerce**

WARC Digital Commerce uncovers what works in the rapidly-changing world of retail media and e-commerce with examples, evidence and expertise to inform strategic planning and improve business outcomes.