



THE ACCOUNTABILITY ECONOMY COMES TO RETAIL

NSF's new consumer research shows that retailers today can't just stock over-the-counter drugs, dietary supplements and personal care products; they need to stand behind them.

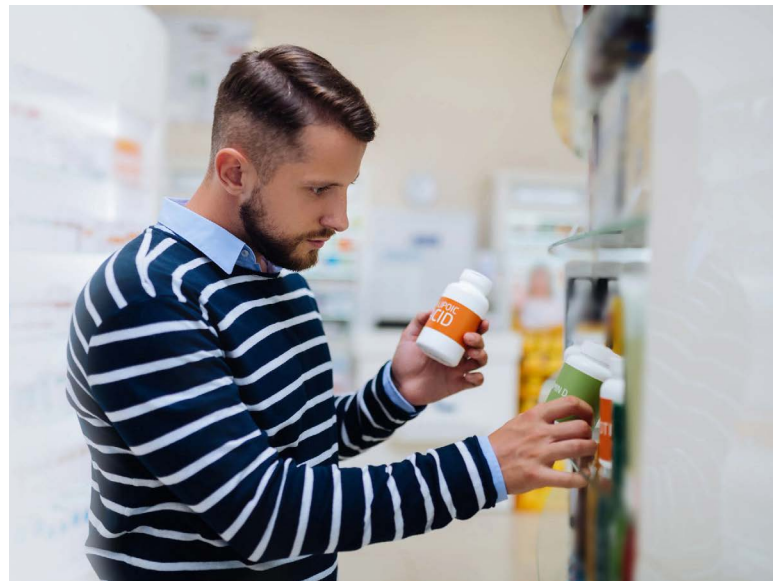
A decisive shift has enveloped global brands in recent years. Business leaders increasingly recognize that they're not just accountable to deliver profits. They're also responsible for providing products that are certified for good manufacturing practices (GMPs) and label claims, and therefore safer for their customers.

Retailers haven't escaped this shift. Nowhere is this more important than in the product categories of over-the-counter (OTC) drugs, dietary supplements and personal care products, like cosmetics and beauty products. These product categories have proliferated, but the regulatory framework to ensure they are certified for safety has not kept up with market demand.

Consumers increasingly prefer retailers that only supply high-quality products that live up to their claims. For retail leaders, the days of selling any product without an eye toward quality assurance are gone. Retailers today can't just stock products. They need to stand behind them. Since time-crunched consumers don't always have time for in-depth product research, more than ever, they're relying on retailers to screen out unsafe and low-quality products.

Consumers want to know that the products they use are certified for quality, come from facilities with independently audited quality standards, and live up to their claims. Responsible retailers must employ quality assurance requirements to know for themselves that the products they sell are free from harmful levels of contaminants and contain only the ingredients listed on the packaging.

NSF wanted to better understand how consumers are leaning on retailers to keep potentially harmful products out of their shopping carts, so we commissioned an independent study of 1,000 US households on their attitudes and expectations of retailers regarding product safety.



ABOUT THIS STUDY

NSF's study surveyed a random sample of 1,000 U.S. consumers who recently purchased OTC drugs, dietary supplements or personal care products. The study was double-blind and fielded by a global leader in managed survey sampling. The margin of error for this study is +/-3.1% at the 95% confidence level.

Respondent Breakout

- > 1,000 survey responses
- > All respondents were adults located in the U.S.
- > All respondents recently purchased an OTC drug, dietary supplement or personal care product



EXECUTIVE SUMMARY

The product categories of OTC drugs, dietary supplements and personal care items are growing rapidly, but due to regulation gaps, many consumers don't trust their safety or claims. Consumers are increasingly holding retailers responsible for affirming the quality of the products they sell.

Because shoppers don't always understand the risks associated with consuming OTC drugs, dietary supplements and personal care products, responsible retailers looking to grow their brand and create long-term buyer loyalty should be active in keeping potentially harmful products off their shelves. Further, consumers are holding them increasingly accountable if they fail to do so.

WHO SHOULD READ THIS REPORT

- > Dietary supplement manufacturers, suppliers and brands
- > Retail executive leadership
- > Retail buyers and product quality leaders

WHAT YOU'LL LEARN

- > How retailers enjoy advantages and buyer preferences when they sell certified products
- > What kind of expectations do consumers have of retailers when it comes to product quality
- > How retailers can build consumer trust through product safety and quality
- > How informed consumers usually are about the OTC drugs, dietary supplements and personal care products they consume
- > To what degree consumers trust the products they consume
- > To what degree consumers rely on retailers to sell high-quality products
- > How many consumers have been the victims of poor-quality products
- > How much money is wasted every year on products that don't live up to claims



KEY INSIGHTS

EXPECTATIONS ARE HIGH

The consumers we surveyed demonstrated high expectations for both manufacturers and retailers. Here are some responses that illustrate how much consumers have come to expect regarding product quality.

Shoppers expect safe products from retailers.

85% of consumers expect retailers only to sell dietary supplements, cosmetics and personal care products tested for safety.

Retailers should ensure product facilities are inspected. 97% of consumers say it's important for retailers to visit and inspect the manufacturing facilities where OTC drugs, personal care items and dietary supplements are made.

Retailers are responsible for product quality.

- > 61% of consumers hold retailers responsible for the quality of the dietary supplements they sell.
- > 66% of consumers hold retailers responsible for the quality of the OTC drugs they sell.
- > 64% of consumers hold retailers responsible for the quality of the personal care items they sell.

Shoppers rely on retailers to ensure product testing.

89% of consumers want to know that drug, supplement and personal products have been tested/inspected for quality and safety, but only 19% thoroughly investigate claims and quality.



Consumers want retailers to require lab testing. 86% of consumers believe sellers should require lab testing for the products they sell to the public.

Consumers want facility inspections. 78% of consumers believe sellers should inspect the manufacturing facilities of the supplement, cosmetics and personal care products they sell.

Certification does the most to build trust. What most builds trust in dietary supplements, cosmetics and personal care products:

- > Certification from independent safety organizations like NSF
- > Made in a facility inspected for GMPs
- > Lab-tested by the retailer

QUALITY IS A COMPETITIVE ADVANTAGE

The recent surge in retailer quality assurance programs for dietary supplements aligns with consumer demand. Consumers are actively searching for retailers that provide manufacturing quality assurance programs. That will drive manufacturers and brands toward certification as a competitive advantage and a requirement for entry into the larger marketplace. In short, **GMP certification and product contents certification are not only good for public health, but they are also swiftly becoming essential for a manufacturer/brand's financial well-being.**

Selling trusted products is a competitive advantage. 74% of consumers prefer to shop at businesses that only sell dietary supplements, OTC drugs and personal care products tested for safety.

Retailers shouldn't stock products that don't pass quality audits. What do shoppers say about retailers stocking an OTC drug, dietary supplement or personal care product?

- > 52% say retailers shouldn't stock products that don't pass quality audits
- > 58% say retailers shouldn't stock products that don't pass lab testing
- > 59% say retailers shouldn't stock products that use undisclosed ingredients
- > 60% say retailers shouldn't stock products from brands that ship contaminated product
- > 60% say retailers shouldn't stock products from brands that ship expired product
- > 35% say retailers shouldn't stock products that use wasteful packaging
- > 29% say retailers shouldn't stock products that don't use sustainable manufacturing

SHOPPERS GO ONLINE FIRST.

The top ways consumers research dietary supplements vary slightly by category, but web search is always on top.

DIETARY SUPPLEMENTS	COSMETICS/PERSONAL CARE	OVER-THE-COUNTER DRUGS
Web search	Web search	Web search
Ask doctor or expert	Friends/family members	Ask doctor or expert
Friends/family members	Ask doctor or expert	Friends/family members
Online reviews	Online reviews	Online reviews
Manufacturer website	Manufacturer website	Retailer website



National chain and independent retailers are held to higher standards. Consumers expect retailers to sell only tested dietary supplements, cosmetics and personal care products:

- > 94% expect it of national chain stores/ pharmacies
- > 92% expect it of independently owned stores/ pharmacies
- > 87% expect it from online sellers
- > 92% expect it of direct manufacturers
- > 85% expect it of fitness centers

High-income consumers are the most insistent on buying only tested stock dietary supplements, OTC drugs and personal care products. Who is most likely to shop at retailers that only sell dietary supplements, OTC drugs and personal care products tested for safety and quality?

- > Consumers 23 to 35 years old
- > Consumers with children
- > Consumers making over \$90,000 per year
- > Consumers in urban areas
- > Consumers who identify as male

CONSUMERS: WARY, YET WEARY

Consumers are busy AND concerned – they repeatedly expressed concern about a variety of product quality issues. Still, they were just as vocal about how little time they have to spend researching product quality.

Shoppers’ top dietary supplement concerns are unsafe ingredients and untruthful claims. 96% of U.S. consumers have concerns about the safety of dietary supplements, and 95% have concerns about the safety of cosmetics/personal care products and OTC drugs. Their chief concerns are:

Americans don’t usually research product claims. Dietary supplement use is on the rise, but Americans who research product claims and safety is low:

- > 39% research OTC drug claims most of the time
- > 39% research personal care product claims most of the time
- > 48% research dietary supplement claims most of the time

Some shoppers are more familiar with Facebook than product ingredients. 17% of consumers read the terms and conditions of using Facebook more than the ingredient label of OTC drugs, personal care items and dietary supplements.

Americans don’t know what’s in their dietary supplements. Nearly as many people research a movie they want to see (48%) as dietary supplements they wish to take (52%).

CONSUMERS’ TOP SAFETY CONCERNS BY PRODUCT TYPE

DIETARY SUPPLEMENTS	COSMETICS/PERSONAL CARE	OVER-THE-COUNTER DRUGS
Unsafe ingredients	Unsafe ingredients	Unsafe ingredients
Untruthful claims	Untested ingredients	Spoiled or expired
Contamination	Untruthful claims	Untested ingredients
Untested ingredients	Contamination	Contamination
Spoiled or expired	Spoiled or expired	Label accuracy



Shoppers don't think retailers ensure safety testing. 85% of consumers want retailers to only stock tested dietary supplements, cosmetics and personal care products, but only 32% think retailers definitely do.

Most consumers don't trust claims.

- > Only 16% fully trust the claims on dietary supplement packaging
- > Only 16% fully trust the claims on cosmetics/personal care packaging
- > Only 14% fully trust the claims on OTC drug packaging

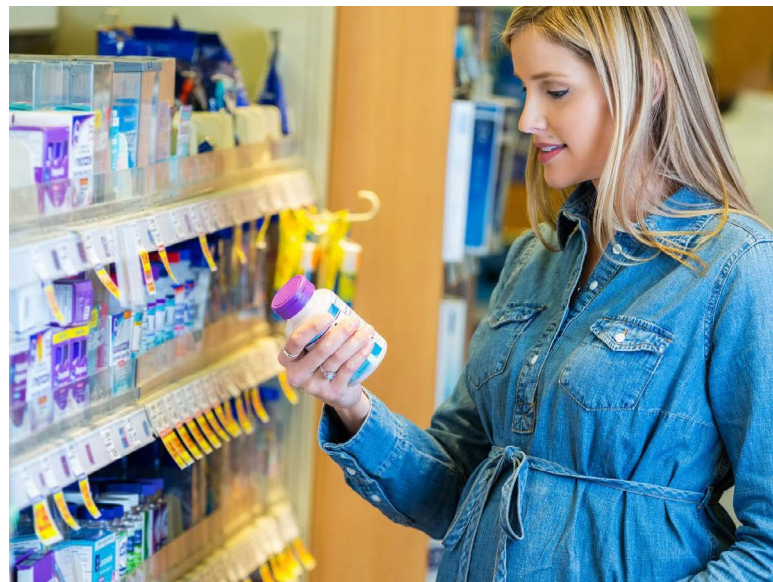
Consumer trust is not one-size-fits-all. When asked who is most likely to sell the highest-quality dietary supplements, cosmetics and personal care products, consumers said:

- > National chain stores/pharmacies
- > Independently owned stores/pharmacies
- > Online sellers
- > Direct from manufacturer
- > Fitness center

COVID-19 has increased consumer product safety awareness. The COVID-19 pandemic made 56% of consumers more concerned about OTC drug, dietary supplement and personal care product safety.

Most consumers have been disappointed in product outcomes.

- > 58% of consumers have purchased a dietary supplement product that has not lived up to its marketing claims
- > 66% of consumers have purchased a cosmetic/personal care product that has not lived up to its marketing claims
- > 60% of consumers have purchased an OTC drug that has not lived up to its marketing claims



Most consumers believe they've wasted money on ineffective products. 63% of consumers feel they have wasted money in the past 12 months on OTC drugs, personal care items or dietary supplements that didn't live up to their claims.

Americans spend hundreds annually on untested products:

- > \$244 per year on untested dietary supplements
- > \$255 per year on untested cosmetics/personal care products
- > \$228 per year on untested OTC drugs

CONCLUSION

As the accountability economy grows, responsible retailers take a more proactive approach to standing behind the products they sell and stocking independently tested products. Consumers are increasingly aware of and worried about product quality concerns. They have high expectations for both brands and retailers to offer only products that have been certified for GMPs and label claims. Retailers can help provide reassurance through quality requirements and demonstrate their commitment through powerful, well-publicized assurance programs.