



## CORPORATE FINANCE

# FEBRUARY INSIGHTS PAPER: CONSUMER HEALTH

FEBRUARY 2025



Following a decade of strong growth, the Consumer Health market continues to thrive, driven by innovation, digital transformation, and an increasing focus from individuals on a holistic, preventative approach to health.



Consumer preference for seamless, omni-channel experiences is driving continued tech-enablement of products and health services, with increasing use of data and AI to offer insight-driven, tailored solutions.



There is a shift in demand towards science-backed products developed by healthcare professionals, with individuals increasingly looking for tailored health and wellness solutions and are seeking providers with a specialist offering.



Looking towards 2025 and beyond, an uptick in transaction activity is expected across the lower-middle market with particular interest in independent companies specialising within their particular niche.

## MARKET OVERVIEW



The Consumer Health market, currently valued at over \$357 billion globally, is projected to nearly double by 2034.<sup>1</sup> This impressive growth is driven by individuals prioritising proactive health management and seeking greater autonomy over their healthcare decisions. The Consumer Health market has expanded beyond traditional treatment to encompass all aspects of daily wellness, from skincare and gut health to ongoing health screening and supplements.

The market is transitioning away from treatment-focused approaches towards preventive measures, empowering individuals to take control of their own health with the help of trusted brands. This in turn is also alleviating pressures on national healthcare systems.

Digital Health innovations are at the forefront of this transformation, providing consumers with unprecedented access to their health data and personalised care options. However, this empowerment comes with the risk of heightened frustration due to the high costs of healthcare. As patients gain more control, their expectations for transparency, affordability, and quality care increase, putting pressure on all healthcare stakeholders to meet these demands.

Navigating the intersection of healthcare and business has always been complex. The Healthcare and Life Sciences sector must skilfully manage these new challenges to harness the benefits of consumer empowerment while addressing the risks of consumer dissatisfaction, enabling businesses within this space to build trust in their brands.

Fig. 1 – Global Consumer Health Market (US\$B)<sup>1</sup>



**\$357.1bn**

Global Market Size 2025

**2.1x**

Market Growth 2024-2034

Source: <sup>1</sup>Precedence Research



The Consumer Health market has been experiencing significant changes in recent years, driven by evolving consumer behaviours, technological advancements, and economic shifts. As we enter 2025, several key trends are shaping the landscape of this dynamic sector.

### Changing consumer preferences

Individuals are proactively seeking products and services that help them maintain and improve their health, as opposed to symptom-based approaches focusing on treating ill-health. The health and wellness market, valued at \$6.8 trillion globally,<sup>1</sup> is seeing significant spend in these categories as individuals take a more holistic approach to their health. Individuals' greater awareness of their own health goals is increasing the demand for tailored, personalised offerings. This trend is driving demand for high-quality, evidence-based health solutions that offer tangible benefits.

Additionally, there is a growing emphasis on sustainability, with individuals favouring brands that prioritise eco-friendly practices and transparent sourcing. This shift is reshaping the market, encouraging companies to innovate and align their product offerings with these evolving consumer values.

### Rx-to-OTC switches

The trend of switching prescription medications to over-the-counter (OTC) status is gaining momentum, offering significant opportunities in the Consumer Health sector. This shift gives consumers easier access to medications, promoting independent health management and convenience. It also increases market competition, which drives innovation and can lower costs for consumers. In addition, Pharmaceutical companies benefit from extended revenue streams as they continue to profit from drugs post-patent expiration. Nonetheless, challenges include ensuring proper usage without physician oversight and addressing potential misuse of medications such as through consumer education and stricter guidelines. Overall, the Rx-to-OTC switch fosters a more consumer-centric healthcare model, promoting self-care and expanding the availability of effective treatments. Maxwellia is a prime example of a women's health-focused company transforming prescription drugs into consumer-friendly OTC brands, empowering women to take control of their own health. However, navigating the regulatory environment remains a barrier for some companies. Continued R&D is critical for developing innovative solutions and remain competitive within the market.

### Continued growth in e-commerce

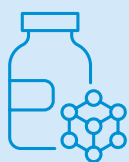
Individuals are looking for omni-channel experiences with respect to their health, seeking both online and offline touchpoints. The increasing demand for remote healthcare services, coupled with technological advancements, is significantly enhancing the convenience and accessibility of health products and services. Individuals are increasingly turning to digital platforms for their health needs, benefiting from the wide product selection, competitive pricing, and the ability to make purchases from the comfort of their homes. Hybrid business models such as Skin+Me, where individuals receive an online consultation with a dermatologist before being sent prescription skincare to their door, are becoming increasingly popular. This trend is further bolstered by the rise of Direct-to-Consumer (D2C) offerings and the growing importance of consumer data in shaping personalised health solutions, such as the recent shift towards tailored VMS offerings. As a result, the healthcare e-commerce market is projected to continue its rapid expansion, with significant opportunities for innovation and growth in the coming years.

### Integration with digital health platforms, data analytics and AI

The digitisation and integration of AI within the Consumer Health market are driving transformative changes, particularly through the use of wearable technology and health apps. Wearable devices, such as smartwatches and fitness trackers now seamlessly integrate with sophisticated software and mobile applications, providing real-time health data and personalised insights. This synergy enables continuous monitoring of vital signs, physical activity, and even sleep patterns, empowering individuals to take proactive control of their health. AI algorithms analyse this data to offer tailored health recommendations, predict potential health issues, and facilitate early intervention. The growing adoption of these technologies is enhancing patient engagement, improving health outcomes, and fostering a more personalised approach to healthcare.

More generally, economic indicators provide a positive environment for the Consumer Health market. Global GDP growth is stabilising, providing a more predictable environment for consumer spending.

### Global Revenue Across Selected Market Segments (2025)<sup>1</sup>



**OTC Pharmaceuticals**  
**\$211.8bn**



**At-Home Testing**  
**\$7.8bn**



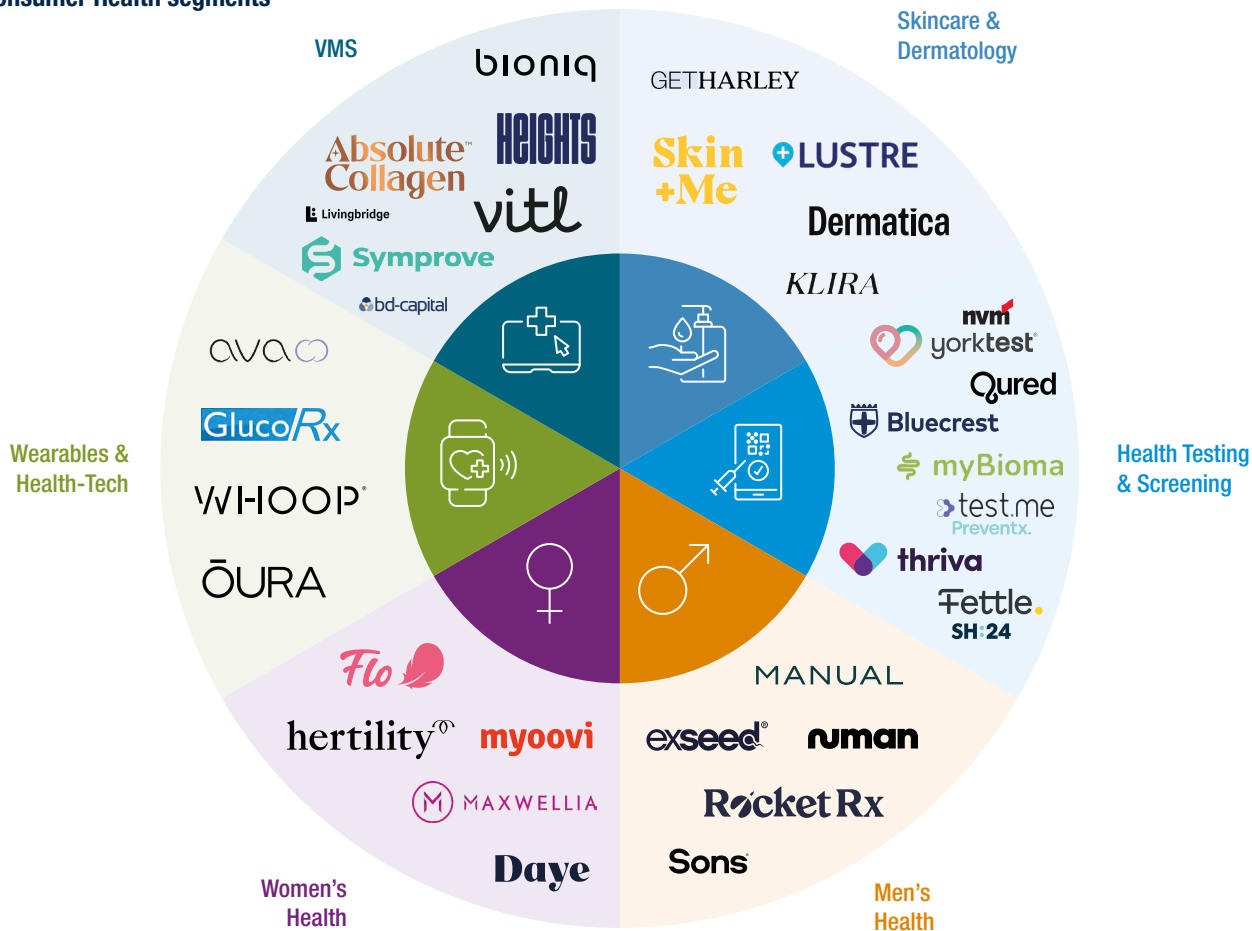
**Health & Wellness Coaching**  
**\$20.1bn**



**Fitness Wearables and Trackers**  
**\$45.7bn**



## Key Consumer Health segments



## Key Case Studies

Consumer Health businesses are increasingly forging strong partnerships and looking for novel go-to-market strategies to gain access to a wider customer base, maintain competitiveness within the market, and cover the entire spectrum of care from prevention and diagnosis to treatment and management. Below are several recent case studies highlighting these strategic initiatives.

WORKPLACE WELLNESS	PRESCRIPTION + SUBSCRIPTION	PERSONALISED SUPPLEMENTS	HEALTH-TECH PARTNERSHIPS
<p>hertility<sup>™</sup></p> <p>yu life</p>	<p>Hair+Me</p> <p>Skin+Me</p>	<p>bioniq</p> <p>HEIGHTS</p>	<p>Natural Cycles<sup>®</sup></p> <p>OURA</p>
<p>Hertility partnered with YuLife to offer at-home hormone and fertility testing as an employee benefit. This aims to support gender equality and help companies retain top talent by providing affordable and accessible reproductive health insights.</p>	<p>On the back of Skin + Me's success with its personalised dermatologist-led subscription-based prescription skincare range, it has now launched a new product called Hair + Me, which aims to provide effective, dermatologist-designed formulations that simplify hair care routines.</p>	<p>In line with the growing demand for tailored supplements, various VMS companies now offer personalised solutions. For example, Bioniq uses an algorithm and blood test to create custom supplements.</p>	<p>Oura Ring and Natural Cycles have partnered to integrate Oura's temperature tracking with Natural Cycles' birth control app. This allows automatic syncing of temperature data, eliminating the need for manual measurements and enhancing the user experience for non-hormonal birth control.</p>



## M&A ACTIVITY



M&A activity in 2024 remained relatively subdued as dealmakers responded to economic and geopolitical headwinds. The market remains dominated by a few large-scale businesses and many specialised smaller players, creating a notable gap in the mid-market segment. In recent years, substantial venture capital investments have flowed into these smaller operators, indicating scope for significant consolidation in the coming years.













A recent trend has emerged for large Pharma companies carving out their Consumer Health arms, allowing the parent company a fresh capital injection to focus on other core areas. The likes of Merck, Pfizer, GSK (Haleon), and J&J (Kenvue) are all examples of successful spin-offs in recent years. More recently, Sanofi's Consumer Health business, Opella, is rumoured to be partially selling to CD&R, with Sanofi retaining the remaining stake.<sup>1</sup> Research suggests that others are set to follow suit, allowing the Consumer Health spin-offs to operate under less regulation and focus on building a more tailored and brand-focused business.

While roll-ups have been limited to date, the general rationale for acquisition within the sector has been focused on expanding product portfolio, geographical reach and enhancing tech capabilities. Vertical integration continues to be a core focus for providers seeking to own more of the value chain, enabling operational and cost efficiencies leading to enhanced

profitability. Widespread Consumer Health market growth means there is rising demand for the underlying infrastructure supporting the market, as demonstrated by the sale of Calleva Nutrition, a contract manufacturer of nutritional products, to Wellma, a pharma and food supplement group, in August 2024.

Private Equity funds are becoming increasingly comfortable with the D2C model; however, financial investor interest in the sector has been limited to date. The sector offers substantial growth potential driven by rising consumer demand for health and wellness products and services. The shift towards preventative health and personalised care creates opportunities for innovative solutions and new business models, such as through subscription-based models which generate repeat spend. Additionally, the Consumer Health market is relatively fragmented, allowing PE to consolidate businesses, acquire competitors, and vertically integrate to achieve efficiencies. Furthermore, the ongoing trend of Rx-to-OTC switches and the integration of digital health solutions provide additional avenues for value creation. The potential for high returns on investment, coupled with the ability to leverage advanced technologies and data analytics, and the underlying dynamics surrounding shifts in consumer behaviour makes this sector particularly attractive to financial investors.

**Table 1: Selected Recent Transactions<sup>1</sup>**

Date	Target	Acquiror	Deal rationale
Jan-25			Integrating into Superpower's platform, Feminade expands customer access to comprehensive health testing and personalised care within women's health.
Dec-24			The minority investment supports the growth of French-based Nutri&Co, through further product launches and the expansion of both its online and brick-and-mortar reach.
Oct-24			Expands LetsGetChecked's pharmacy and technology offerings, covering more of the patient pathway from home health testing to treatment.
Oct-24			Strengthens Venture Life's position in women's health products, as well as hormone deficiency support for both men and women.
Jun-24			By acquiring its Belgian competitor, Cuure strengthens its presence in Europe as a personalised supplements provider, with potential plans to consolidate the platforms.
May-24			Expands Vector Consumer's range of VMS brands and strengthens its position in the collagen supplements industry.

Source: <sup>1</sup>Mergermarket, Pitchbook



# SECTOR OUTLOOK



Through 2025, the Consumer Health market is poised for steady growth, fuelled by individuals taking control of their own health and pivoting towards a holistic approach to their well-being, alongside broader innovation and digital transformation within the healthcare sector. Companies that effectively navigate these trends and seize emerging opportunities will be well-placed to succeed in the market.



Shifting consumer preferences require providers to be dynamic. Subscription-based models are becoming increasingly attractive as they encourage repeat spend. Similarly, greater personalisation of products and services is expected supported by tech enablement and AI-driven insights for a tailored approach to individuals' health goals.



Continued tech advancements within the sector through increased R&D and the development of digital capabilities are inevitable. E-commerce and omni-channel customer experiences are critical to success, with online and social media marketing playing an increasingly important role in customer acquisition.



For both Private Equity investors and Strategic Acquirors, attention is shifting towards acquiring businesses with a specialised niche offering and strong growth potential, with a proven business model. Cross-border transactions are also becoming increasingly common, as domestically proven brands look to achieve global scale.

The currently fragmented sector offers strong potential for roll-up opportunities, driven by widespread demand for an integrated offering. Consumer Health remains an attractive market for both Strategic Acquirors and Financial Investors, underpinned by relatively robust economic indicators and growing global demand for health and wellness products and services on a global scale.



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