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The State of the U.S. VMS Industry: Unlocking the Next Stage of Value Creation

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As the U.S. Vitamins, Minerals and Supplements (VMS) industry continues to experience accelerated growth and intensified M&A transaction activity, market participants must understand not only where value is being created today but also how shifting consumer behaviors, channel dynamics, product innovation and supply chain infrastructure will shape the next phase of industry development.

Introduction

The U.S. VMS industry has entered a new phase of post-pandemic, consumer-led growth. The market reached approximately $74 billion in retail sales in 2025 and is on pace to approach $100 billion by 2029, but the drivers of value creation have shifted.[1]

Consumer preferences, product innovation, channel dynamics, manufacturing capabilities and investor priorities are evolving simultaneously, creating new opportunities for VMS businesses that can scale with discipline. This report examines the forces reshaping the industry and the capabilities that increasingly differentiate market leaders.



[1] Nutrition Business Journal (NBJ) Supplement Business Report

Generational Shifts Fuel Accelerated Consumer-Led Growth

For decades, the U.S. VMS market was largely built around prevention and longevity. The category was dominated by older consumers seeking to maintain long-term health through multivitamins and condition-specific products targeting bone, heart, joint or immune health.

While those consumers remain an important part of the market today, the center of gravity has shifted. Millennials and Gen Z are redefining the category around immediate, functional outcomes, using supplements to improve energy, hydration, sleep, recovery, digestion, mood, cognitive performance and appearance as part of broader daily wellness routines. In doing so, they have transformed VMS from a relatively static health maintenance category into one that is increasingly dynamic, experiential and integrated into everyday life.

This shift has fundamentally changed how brands compete. Consumers are no longer buying individual ingredients; they are buying solutions to specific problems and occasions. Product portfolios are evolving from ingredient-led lineups to need-state platforms, supported by regimen "stacking," more convenient and enjoyable formats and increasingly sophisticated brand storytelling. Success is becoming more about creating differentiated platforms that combine credible science, compelling consumer propositions and products that fit naturally into daily routines.

The rapid adoption of GLP-1 therapies is creating a real adjacent nutritional support opportunity for the VMS sector. To complement GLP-1 therapy, users are placing greater emphasis on maintaining nutritional adequacy. Demand is increasingly shifting toward products that support protein intake, hydration, electrolyte balance, gut health, muscle preservation and overall micronutrient sufficiency. VMS brands have a clear opportunity to develop science-backed products that address these evolving nutritional needs, provided claims remain precise and firmly grounded in credible evidence.

New Channel Dynamics Reflect Changing Consumer Shopping Behavior

The evolution of the VMS consumer has fundamentally changed how brands think about their go-to-market and distribution strategies. Historically, the prevailing approach relied on a "push" model built on securing shelf space across mass retail, drug, grocery and natural channels. Today, leading brands benefit primarily from Amazon and direct-to-consumer (DTC) sales as part of well-orchestrated channel ecosystems.

Each channel plays a distinct role in the consumer journey across discovery, trust-building, conversion, replenishment and long-term consumer retention. Social commerce drives awareness and trial, practitioners build credibility, DTC deepens education and consumer relationships, Amazon excels at search, comparison and replenishment, while physical retail remains critical for household penetration, legitimacy and impulse discovery. Increasingly, competitive advantage comes from orchestrating these channels rather than optimizing any one of them in isolation.

Perhaps the most significant structural shift has been the rise of Amazon as the category's primary replenishment engine. Consumers increasingly research supplements online, comparing ingredients, claims, reviews, price per serving and subscription options before purchasing. At the same time, a new generation of digital-native brands has been built specifically for this environment, using creator-led marketing, performance advertising, subscriptions and rapid product iteration to acquire customers efficiently and drive repeat purchases.

Co-Manufacturers Enable Growth Through Enhanced Turnkey Service Capabilities

As VMS brands have expanded into new benefit platforms, more complex formulations, faster innovation cycles and a wider range of product formats, the role of contract manufacturers has evolved significantly. Historically, co-manufacturers (co-mans) were largely viewed as production partners, engaged to convert finished formulations into capsules, tablets, powders or gummies (tolling model). Today, leading providers increasingly function as strategic operating partners, supporting formulation development, ingredient sourcing, quality assurance, packaging, logistics and new product commercialization (turnkey model). For many emerging and high-growth brands, these capabilities have become a prerequisite for scaling quickly without building extensive internal manufacturing infrastructure.

The decision to manufacture in-house or outsource (make vs. buy) has also become more nuanced. Rather than treating manufacturing as a binary choice, leading VMS companies increasingly adopt hybrid models. Stable, high-volume products that justify dedicated assets are often produced internally, while co-mans provide flexibility for new product launches, specialized formats, overflow capacity and variable demand. These decisions are driven not only by unit cost but also by product complexity, demand predictability, service-level requirements, route to market and the capacity and capabilities required to consistently meet volume and quality expectations.

At the same time, selecting the right co-man has become a strategic decision in its own right. Although the U.S. manufacturing base is highly fragmented, only a relatively small number of providers offer the breadth of formulation expertise, quality systems, sourcing capabilities and operational discipline required to support scaled omnichannel VMS brands. As a result, supplier selection increasingly extends well beyond commercial terms. Leading brands now evaluate partners based on technical capabilities, quality and regulatory maturity, operational reliability, strategic fit and risk management, recognizing that manufacturing execution has become an increasingly important driver of customer experience, brand reputation and enterprise value.

Heightened M&A Transaction Environment Favors Quality, Scalable Growth Assets

The sustained growth of the VMS category continues to attract strategic acquirers and private equity investors, but buyer expectations have evolved alongside the industry itself. The strongest assets are no longer simply those growing the fastest; they are those demonstrating durable, repeatable growth supported by trusted brands, differentiated formulations, credible science, clear consumer need-state ownership, disciplined channel strategies and scalable operating models. Increasingly, investors are underwriting the quality and sustainability of growth rather than the category's underlying tailwinds alone.

This has important implications for VMS operators. As companies evolve from founder-led brands into scaled consumer platforms, operational maturity becomes an increasingly important component of enterprise value. Demand planning, manufacturing strategy, co-man governance, quality systems, channel management, inventory discipline and management capability all become critical proof points that reduce execution risk and give buyers confidence that the business can successfully navigate its next stage of ownership. In many respects, the transition from entrepreneurial growth to industrialized execution is what separates attractive brands from premium assets.

Recent transaction activity reflects this continued appetite for differentiated VMS platforms, although publicly disclosed valuation data remains limited. Where financial information is available, premium assets have commanded valuation multiples ranging from the mid-teens to as high as 30x EBITDA, well above the trading multiples of most publicly listed VMS companies. This valuation gap suggests that buyers continue to place a meaningful premium on scarce, strategically relevant assets with proven consumer demand, defensible competitive positioning and credible long-term growth prospects, rather than rewarding category exposure alone.



Conclusion

The U.S. VMS industry continues to benefit from powerful tailwinds, but category growth alone is no longer sufficient to create differentiated value. Winning brands are those that understand changing consumer preferences and behavior, deliberately align products and channels to those needs, build resilient supply chains supported by the right manufacturing strategy, and institutionalize the operating capabilities required to sustain profitable growth.

As the category continues to mature over the coming years, competitive advantage may increasingly shift from product innovation alone toward execution excellence.

For management teams and investors alike, the implication is that now may be an opportune time to build a scalable operating platform. Companies that take action ahead of the curve may be better positioned to capture future growth and could be more likely to command premium valuations should strategic alternatives emerge. In an increasingly competitive market, sustainable value creation is likely to depend not simply on participation in the category but on the ability to consistently execute better than the competition.

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